



**REPORT
OF THE
PUBLIC ACCOUNTS COMMITTEE
ON THE
ACCOUNTS OF 1934-35**

VOLUME I REPORT

PART I Civil, Military and Posts and Telegraphs



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Composition of the Committee on Public Accounts in 1936 (Vide rule 51 of the Indian Legislative Rules)

Chairman

1 The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member

Elected Members

Date of election

2 Mr B DAS

23rd March 1935

3 Prof N G RANGA

Do

4 Dr THEIN MAUNG

Do

5 Mr J RAMSAY SCOTT .

Do

6 Captain Sardar Shie'r MOHAMMAD KHAN,
C I E , M B E

23rd March 1936

7 Mr S SATYAMURTI

Do

8 Maulvi Sir MOHAMMAD YAKUB

Do

9 BHAI PARMA NAND

Do

Nominated Members

Date of Nomination

10 Dr R D DALAL, C I E

30th April 1935

11 Rai Bahadur Sir SATYACHARAN MUKHERJEE,
C B E

Do

12 Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA

Do

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE
ACCOUNTS OF 1934-35 OTHER THAN RAILWAYS

PART I CIVIL, MILITARY AND POSTS AND TELEGRAPHS

I Excess Votes

1 *General Summary* The following table compares the total grants voted by the Legislative Assembly with the total expenditure against those grants —

	Original grant	Supplemen-tary grant	Final grant	(In lakhs of rupees) Actual Expenditure
Expenditure charged to revenue .	25,53	3,42	28,95	30,14
Expenditure charged to capital .	1,50	17	1,67	1,48
	27,03	3,59	30,62	31,62
Disbursement of loans and advances .	8,98	6	9,04	4,59
	36,01	3,65	39,66	36,21

2 The following table compares the non-voted appropriations sanctioned by the Government of India with the total expenditure against such appropriations

Expenditure charged to revenue .	75,59	79	76,38	76,39
Expenditure charged to capital .	25		25	27
	75,84	79	76,63	76,66

3 The position regarding total expenditure voted and non-voted is as follows

	Original grant	Final grant	Actual ex-penditure
Expenditure charged to revenue .	1,01,12	1,05,33	1,06,53
Expenditure charged to capital .	17,5	1,92	1,75
	1,02,87	1,07,25	1,08,28
Disbursement of loans and advances .	8,98	9,04	4,59
	1,11,85	1,16,29	1,12,87

4 *Savings* There was a saving of Rs 3,42 lakhs or 2 9 per cent of the final grant The percentage compares as follows with the results of previous years

	1930-31	1931-32	1932-33	1933-34	1934-35
Expenditure charged to revenue .	3	3 2	1 9	1 0	-1 1
Expenditure charged to capital .	15 9	11 4	8 3	15 2	8 9
Disbursements of loans and advances .	-20 3	10 8	37 1	23 3	49 2
Combined percentage	- 7	4 3	5 9	2 7	2 9

5 The following table compares the percentage of savings under voted Grants for expenditure proper (*i.e.*, exclusive of disbursements of loans and advances) with those of savings under non-voted appropriations

Percentage of savings.

		Voted	Non-voted
1930-31	3 9	— 2
1931-32	9 6	1 0
1932-33	7 0	.2
1933-34	2 8	7
1934-35		—3 3	04

6 *Excesses* —In the following cases the actual expenditure exceeded the voted grants and an excess vote of the Assembly is accordingly required —

Item No.	No. and name of grant	Amount voted by the Assembly	Actual expenditure	Excess
1 19 A	Excise	4,68,000	4,70,350	2,350
2 20	Stamps	17,01,000	17,07,987	6,987
3 25	Interest on Ordinary Debt, etc	23,02,000	24,62,542	70,542
4 26	Interest on Miscellaneous Obligations	62,47,000	63,78,097	1,31,097
5 28	Executive Council	73,000	82,955	9,955
6 29	Council of State	1,41,000	1,44,790	3,790
7 30	Legislative Assembly, etc	7,68,000	7,69,114	1,114
8 32	Home Department	5,84,000	5,88,798	4,798
9 42	Payments to Provincial Governments, etc	1,50,000	1,51,583	1,583
10 44	Administration of Justice	53,000	53,250	250
11 47	Lighthouses and Lightships	9,13,000	9,56,460	43,460
12 50	Geological Survey	1,91,000	1,91,247	247
13 53	Archaeology	9,48,000	9,58,837	10,837
14 58	Public Health	6,84,000	7,09,320	25,320
15 63	Aviation	13,90,000	13,90,561	561
16 65	Census	3,000	3,130	130
17 67	Emigration	1,84,000	1,91,390	7,390
18 72	Mint	19,43,000	19,63,408	20,408
19 75	Stationery and Printing	33,43,000	34,20,074	77,074
20 76A	Expenditure on Retrenched personnel, etc	2,19,000	2,19,632	632
21. 76D	Transfer to Fund for Economic Development, etc	1,13,00,000	2,81,60,409	1,68,60,409
22. 77	Refunds	1,16,40,000	1,18,71,836	2,31,836
23. 85	Hyderabad	45,000	45,614	614
24. 96	Commututed Value of Pensions	29,11,000	31,73,724	2,62,724
25. 98	Interest-free Advances	70,98,000	71,05,632	7,632

7 A brief explanation of the more important excesses is given below —

Item 2 The excess was due to stores, freight charges and labour required to meet a sudden increase in the demand for the products of the Security Printing Press.

Item 3 The excess was occasioned by heavy dealings by the public in India Stocks and Debentures in the latter part of the financial year

Item 4 The voted charges under the grant represent mainly payments to the Posts and Telegraphs Department for savings bank and cash certificates work. The excess was caused by adjustments in respect of closure of dead savings bank accounts made after the close of the year

Item 5 The tour expenses were more than anticipated

Item 11 The excess was mainly due to the omission in the revised estimates of receipts from light dues accrued at Aden but actually payable at Bombay and to a smaller extent on account of the adjustment of a portion of the surplus relating to 1933-34

Item 13 The departmental charges under annual maintenance and upkeep of monuments and attached gardens were more than anticipated

Item 14 The excess was due to the non-payment by the Calcutta Port Commissioners of their share of the cost of the Port Health establishment, Calcutta, pending the final decision of the Government of India regarding the share of the cost payable by them

Item 17 Increased expenditure on travelling allowance in the South African agency and non-recovery of the share of charges for medical establishment in Bengal for internal emigration owing to its abolition from the 1st of June 1934 accounted for the excess

Item 18 The expected recovery of silver from the dross of the coinage was not affected during the year

Item 19 The printing work and the demands for stationery from the Military and Posts and Telegraphs Departments proved to be less than anticipated

Item 21 The revenue surplus for 1934-35 was anticipated to be Rs 1,13 lakhs, and it was decided to transfer the entire surplus to the fund for the economic development and improvement of rural areas. The actual revenue surplus, however, amounted to Rs 2,81,60,409

Item 22 The excess was caused by larger payments of refunds on account of rebate of duty on tobacco stocks stripped in bond, grant of *suo moto* refunds in certain cases on account of wrong calculation of duties and refunds of excise duty on motor spirit and kerosene oil

Item 24 The excess was due mainly to heavy expenditure during the closing months of the year and also to the introduction during the year of a revised table allowing increased commutation values, which was not foreseen when the estimates were prepared

8 We recommend that the Assembly assent to the excess grants detailed above which the Governor General in Council will place before them in due course

9 Rule 52 (2) of the Indian Legislative Rules requires that we should bring to the notice of the Assembly every reappropriation from one grant to another every reappropriation within a grant which is not made in accordance

with such rules as may be prescribed by the Finance Department and all expenditure which the Finance Department have requested should be brought to the notice of the Assembly. There was only one case of irregular reappropriation in the year under review. The Administrative Officer in charge of the Vizagapatam Harbour transferred under a misapprehension a sum of minus Rs 36,000 from the voted grant to the non-voted appropriation.

There were no particular items of expenditure which the Finance Department have requested us to bring to the notice of the Assembly.

II Important comments on matters arising out of the accounts for 1934-35

10 Accuracy of budgeting, control over expenditure, etc In our detailed examination of the Appropriation Accounts we were struck by the very large number of variations between the estimates and actuals. There were savings in 62 out of 91 voted grants and 58 out of 81 non-voted appropriations. There were also excesses over voted grants in 25 cases. Apart from the variations under the totals of the Grants, there were considerable divergences in the individual sub-heads. We regard this as extremely unsatisfactory and deplore once again such defective estimating. We noticed also several cases in which excesses resulted from unanticipated debits adjusted late in the year and savings accrued from the non-adjustment of debits that were expected. This could have been avoided if spending authorities had combined a knowledge of outstanding liabilities with definite information as to the intentions of creditors in respect of the presentation of their claims. We should like specific attention drawn to this point. In some accounts we noticed that reappropriations were sanctioned under individual sub-heads in the wrong direction thereby enhancing still further the savings or excesses. This is a defect which can be mitigated by intelligent supervision.

We have seen the instructions issued by the Finance Department in October 1935 to stiffen up the control of expenditure and modify the procedure for obtaining supplementary grants. We are satisfied that these instructions would remedy a good many of the defects noticed above. For example the seven cases of unnecessary supplementary grants in 1934-35 which the Accountant-General, Central Revenues, brought to our notice would not have been placed before the Assembly under the revised procedure.

In the course of our examination we were often told that the Finance Department reduced the departmental estimates in 1935-36 and 1936-37 in cases where persistent overestimating had manifested itself. We cordially approve of this useful and necessary corrective applied by the Finance Department, but this by itself is clearly not a satisfactory remedy for defective budgeting on the part of departments. They must themselves aim at closer estimating, paying the utmost regard to the trend of past actuals.

11 Special funds created from revenue surpluses In dealing with the Fund for Earthquake damage in Bihar, we noticed that, though the entire surplus of 1933-34 was earmarked for the Fund, a sum of Rs 62 lakhs was withdrawn from the Fund during 1934-35 as being surplus to the requirements of the Fund and utilised towards the avoidance of debt. We do not question the right of the Government to judge the sufficiency or otherwise of a particular Fund and the utilisation of funds adjudged to be redundant for debt avoidance,

but we have considerable doubts about the Assembly voting towards a Fund a sum which purports to represent the whole of the surplus of a year We recommend that Government should consider whether when funds are set up in future from revenue surpluses they should not be constituted by a vote for a specific amount

12 Changes in policy affecting Budget estimates During the course of our examination of the Stationery and Printing Grant we noticed a saving under customs duty on stores which was reappropriated for some other purpose and we were informed that the saving was occasioned by a change of policy during the year regarding stores purchases While we welcome the policy of increasing purchases in India, we desire to stress that in preparing their estimates departments should take into account the trends of prices and the possible changes in policy during the year It is essential that the assumptions in the estimates should approximate to facts as far as possible

13 Unauthorised excluded funds in North-West Frontier Province In our report last year we commented on certain irregular funds in North-West Frontier Province We are gratified to learn that the Motor Lorry Depreciation Funds have been closed As regards Khassadar Funds, it appears that, notwithstanding the orders issued in May 1935 to close the Funds, the matter is still under the consideration of the Local Administration We regret that there should be so much delay in enforcing the orders and we recommend that immediate orders should be given to close these irregular funds within two months Of the twenty six other irregular funds, we were told that seven had ceased to exist and that the disposal of their balances was still being considered either by the Government of India or the Local Administration We regard the slow rate of progress in this matter as most unsatisfactory and unhesitatingly urge that prompt action should be taken to ensure their being closed down within three months

* *14 Contribution to general reserve fund of Lighthouses and Lightships* We were struck by the very large variation between the final appropriation and the actual expenditure under this head We were given to understand that the procedure was to transfer at the end of the year the excess of receipts over expenditure to the reserve fund by a vote It seems to us that it would be very difficult to make an approximately accurate estimate of such a surplus as the amount available for transfer depended very largely on trade and the amount of light dues realisable We consider the existing procedure unsatisfactory and would like the question to be examined in consultation with the Auditor-General

15 Road Fund In examining the Appropriation Accounts of the central expenditure on road development met from the Road Development Fund we noticed considerable variations from the original budget We were told that the Road Committee sanctioned schemes twice a year, in September and in March, which led to a certain amount of redistribution during the year Indeed the whole process of accounting for this expenditure seems to be illogical and confusing We understand that the Auditor-General has already under consideration the question of revising it and no doubt the result of his investigations will be made available to us next year

16 Financial position of the Indian Posts and Telegraphs Department

We have perused the memorandum furnished by the Director-General, Posts and Telegraphs, on the commercial results of the department and examined him orally at some length. We are gratified to note that the actuals of 1934-35, disclosed a profit of nearly Rs 38 lakhs. The results for 1935-36 were not however, so satisfactory, as at best it was only expected to produce a balance. The restoration of the emergency deduction from pay costing over Rs 26 lakhs and the provision for normal increment to staff costing about Rs 15 lakhs were said to account for the increased expenditure in 1935-36. In 1936-37 the Department anticipate a surplus of one lakh after providing Rs 25 lakhs for renewals and replacements. We are given to understand that a Renewals and Replacements Fund has been substituted for the Depreciation Fund with effect from the 1st of April 1936 and that an annual contribution of Rs 25 lakhs will be made thereto for the next five years, at the end of which the position will be re-examined. While we do not under-rate the improvement so far effected in the financial position, we wish to add an exhortation that the department should strive to do still better.

As regards budgeting and control of expenditure, we noticed a repetition of the faults on which we commented adversely in our last report. It was explained to us that the lack of effective control over expenditure in the past was due to a lack of machinery to provide the controlling authorities with the latest figures of actual expenditure. The whole procedure dealing with the system of stores accounting and other matters of technical detail is said to be under revision in consultation with the Auditor-General. We trust that the measures now being devised will result in an appreciable improvement in the control of expenditure and in budgeting in future.

17 Grant for Refunds In the accounts of the Government of India refunds of revenue have always been accounted for in reduction of receipts and the correctness of this procedure has never been questioned. But in the Demands for Grants and in the Appropriation Accounts they have been treated as expenditure. The Auditor-General has stated that this latter practice is, in his opinion, not constitutionally correct and is certainly not in accordance with the British practice. He considers that these disbursements cannot be regarded as "expenditure". He therefore recommends that the practice of including them in the Demands for Grants and Appropriation Accounts should be discontinued. A former Public Accounts Committee were also inclined to this view. We have also on several occasions observed the difficulty in estimating and controlling these more or less inevitable disbursements. It is evident that all disbursements by Government of money which have entered the public account are not expenditure items, or savings bank withdrawals would fall into this class. We therefore recommend that the Government of India should accept the view of the Auditor-General and introduce the change from 1st April 1937.

18 Report of the Military Accounts Committee We append the Report submitted by the Military Accounts Committee (Annexure A) constituted to make a preliminary examination of the Military Appropriation Accounts and

connected documents. The recommendations and observations of the Committee, both in its report and the proceedings of its meetings, meet with our cordial approval.

III. *Miscellaneous observations*

19 We append to our report, as usual, the minutes of our proceedings which we desire to be treated as part of the report. We believe that in accordance with the established practice such action as may be necessary will be taken by Departments on the observations and recommendations contained in these proceedings.

20 We owe a debt of gratitude to the Auditor-General for his assistance to us throughout the proceedings. We should also like to express our appreciation of the work of our Secretaries, Mr K Sanjiva Row and Mr N. Sundaresan.

P J GRIGG

B DAS

S SATYAMURTI

N G RANGA

THEIN MAUNG

MD YAKUB

RAMSAY SCOTT

SHER MD. KHAN

BHAI PARMANAND

R D DALAL

S C MUKHERJEE

FAZL-I-HAQ PIRACHA.

K SANJIVA ROW

N. SUNDARESAN

Secretaries.

5th September 1936

ANNEXURE A

Report of the Military Accounts Committee.

We were constituted in pursuance of the recommendations of the Public Accounts Committee of the year 1931-32 to make a preliminary examination of the Appropriation Accounts of the Defence Services and connected documents. In this task we have been assisted by the Auditor-General, the Financial Adviser, Military Finance, and the Defence Secretary, to all of whom our thanks are due. We agree with the Auditor-General in his observation that the presentation of the material for the Committee as now carried out in the Appropriation Accounts, the Financial Adviser's review and his auxiliary statistical statements has attained a high pitch of efficiency and usefulness. The results of our examination are, as usual, embodied in the proceedings of our meetings (Annexure I), which we desire to be treated as a part of our report. We propose to refer here only to the more important points.

2. Military Engineer Services expenditure. In recent years, both the Auditor-General and the Military Accounts Committee have laid great stress on the importance of defining with reasonable exactitude the scope of the original demand for expenditure and conforming more closely to the scope of the demand as so defined. We are gratified to note that the results of the year under review show that as far as the control of expenditure in bulk is concerned there is no ground for criticism. As regards the conformity of expenditure to the original programme as specified in the budget we are, however, constrained to endorse the comments of the Financial Adviser, Military Finance, who observes that "after making due allowance for cases where lapses occurred for reasons beyond the control of those administering the grant or as a result of revised administrative requirements, it is difficult to avoid the impression, on perusal of some of the instances that more careful budgeting is possible and that on occasions funds were allotted before the necessary preliminaries to the commencement of work were complete."

The Financial Adviser has drawn special attention to the fact that the expenditure in March was "about double that in any other of the months which in the plains constitute the normal working season". It is of great importance that in administering public funds the risk of loss through hasty or inadequately justified payments in the closing days of the financial year should be rigorously avoided. The Auditor-General has in this connection referred to paragraphs 27 and 28 of Volume I of the Report of the Public Accounts Committee on the Accounts of 1930-31 and expressed his satisfaction at the noticeable improvement that has occurred in the civil works expenditure as a result of those recommendations. We consider that the Financial Adviser should, in consultation with the Auditor-General, examine this matter and report the result to the Committee next year. If the device of a specific provision in the reserve for the re-grant of lapses, as on the civil side, is likely to mitigate this evil, we should be quite prepared to commend it to Government for consideration.

3 Revision of Army Regulations. We are impressed by the magnitude of the task and the manner in which it is being tackled but we cannot refrain from pressing on the attention of Government the importance of speeding up the work of revision. The possibility of having to wait for another two or three years for its completion we cannot regard with equanimity and if expedition were retarded only by want of adequate staff, we should have no hesitation in recommending to Government sympathetic consideration of proposals for a reasonable augmentation. We trust that all possible steps will be taken to bring this task, which was first adumbrated in 1930-31, to an early conclusion. We see no reason why the major part of it should not be finished by the end of the current financial year.

4 Transfer of savings in the budget to the Defence Reserve Fund. The Auditor-General has drawn attention to the transfer of a saving of Rs 33 lakhs in 1934-35 arising out of a fall in prices of food grains to the Defence Reserve Fund. The saving was due to the allowance made in the budget for a moderate rise in prices which did not materialise. We understand that, in order to avoid a repetition of this result, it has been decided to reduce the safety margin and that the Finance Department have agreed to consider an additional grant, if the prices of food grains rise above the level adopted for the budget estimates. The Auditor-General has remarked that this would be an equitable arrangement if it was agreed at the same time that savings due to a material fall in prices should be surrendered to general revenues. We think that the point raised by the Auditor-General has a wider application than to food grains only and indeed that it touches on the very essence of the existing arrangement for the Defence Budget under which savings normally lapse to the Defence Reserve Fund and are available for measures of re-equipment. We understand that the consent of the financial authorities is required before any sums are transferred to the Fund and *a fortiori* before any expenditure is incurred out of it. But this does not entirely dispose of the matter and we are constrained to make clear what seem to us to be the fundamental conditions which must underlie any such arrangement.

In the first place it is an essential part of the arrangement that there should be nothing in the nature of over-estimating. The object of it is clearly to make available to the Defence authorities the immediate fruits of genuine measures of economy or casual windfalls and not to provide a more or less regular and considerable reserve available for measures not included in the budget. Similarly it should be made clear that the consent of the financial authorities to transfers to the Reserve Fund should not be regarded as a mere formality. We recognise that the present arrangement does entitle the Army authorities to presume that, in the absence of special circumstances, savings on the Budget will be made available to them but this cannot in our view override the indefeasible right of the Finance Member, in cases of real necessity, to request that savings should be diverted either to emergency items of expenditure or to preventing a deficit on the general budget. We are informed that His Excellency the Commander-in-Chief accepts this view and indeed we are aware that the cost of the Mohmand operations of 1933 and 1935, as well as a large part of the initial measures of relief involved by the Quetta earthquake have been found in this manner. Nevertheless we think it well that our understanding of the nature of the arrangement should definitely be placed on record.

In this connection the Auditor-General has raised the question whether the budget should not give full details of the transfers to and from the Defence Reserve Fund. We entirely agree with him that such details should be given as they will be useful for the proper scrutiny of the budget by the Finance Department as well as for audit purposes.

5 Changes in the Appropriation Accounts We consider the retention of Appendix A to the Financial Adviser's Appropriation Accounts as redundant because the machinery for watching the action taken on our recommendations is provided for in the quarterly statement issued by the Finance Department. We also accept the Auditor-General's statement that Appendix F has no more practical value. We accordingly recommend the discontinuance of both these Appendices in future.

6 Financial irregularities We are pleased to note that the Director of Audit has fewer cases of financial irregularities to report this year and those which he has thought it necessary to mention are less serious in character than in any recent year. We trust this improvement will be maintained in future years.

7 Authorised War reserves of stores The Quartermaster-General and the Master-General of Ordnance have furnished the necessary certificates in regard to the existence in stock of the authorised reserve of stores on the 31st March 1936 (Annexures IV and V). Copies of these certificates are attached to our proceedings.

P J GRIGG

J C NIXON

S SATYAMURTI

MOHAMMAD YAKUB.

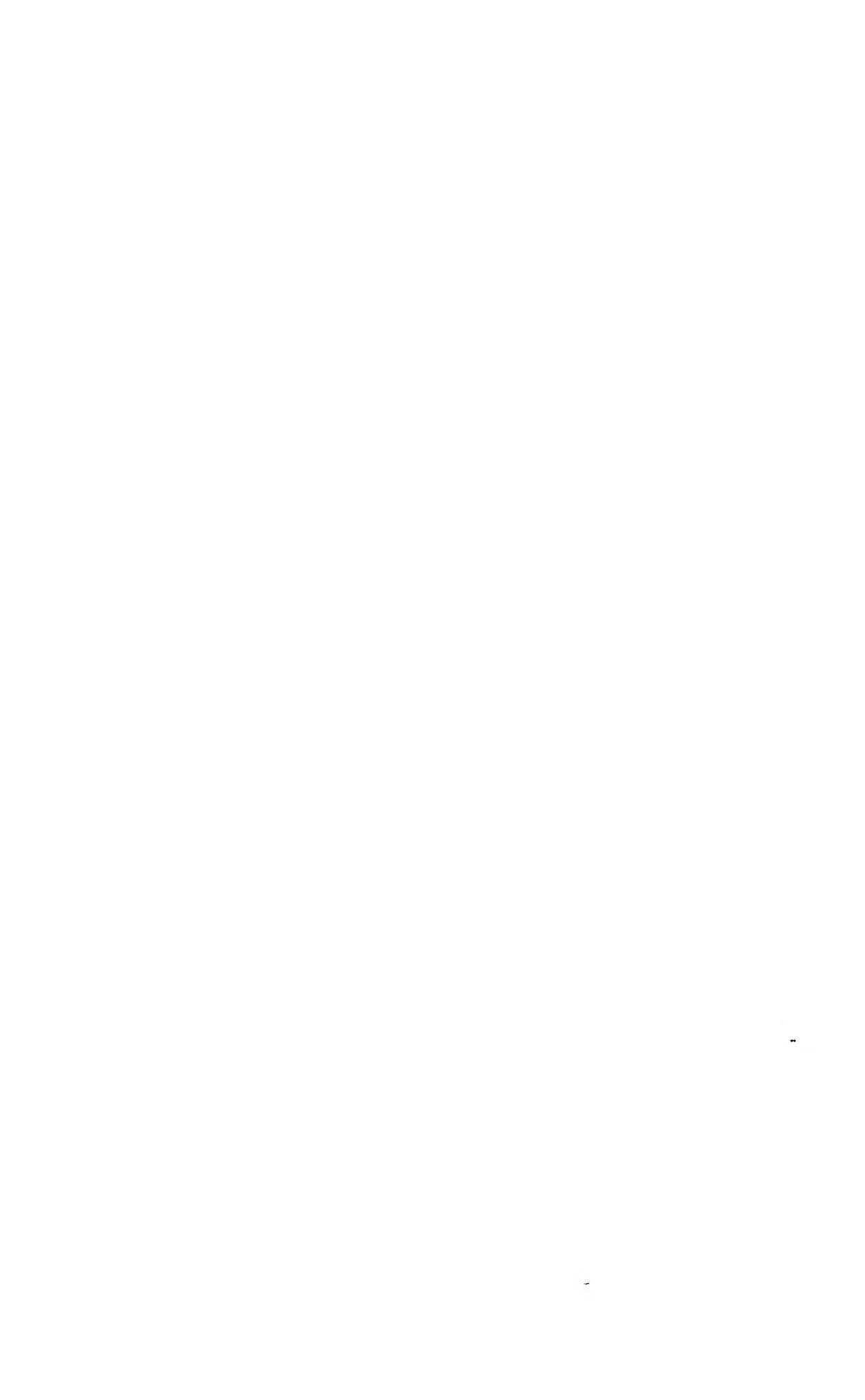
SHER Md KHAN

K SANJIVA ROW

N SUNDARESAN

Secretaries

5th September 1936.



ANNEXURE I

Proceedings of the first meeting of the Military Accounts Committee, held on Wednesday, the 15th July 1936 at 2-30 P M

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman.

Mr J C NIXON, C S I , C I E , I C S , Finance
Secretary,

Mr S SATYAMURTI, M L A ,

Sir MOHAMMAD YAKUB, Kt, M L A ,

Captain SHEIK MOHAMMAD KHAN, C I E , M B E ,
M L A ,

Sir ERNEST BURDON, K C I E , C S I , I C S ,
Auditor-General,

Mr K R S RAU, Director of Audit, Defence
Services,

Mr G R F TOTTENHAM, C S I , C I E , I C S ,

Major-General G H ADDISON, C B , C M G ,
D S O , Financial Adviser, Military Finance,

Mr J C BROMMAGE, M B E , Deputy Financial
Adviser,

Lt-Colonel R PRINCE, O B E , Military Account-
ant-General,

} *Members*

} Were also
present.

} *Witnesses.*

1 The Committee took up the examination of the items dealing with Military in the Quarterly Statement ending July 1936 showing action taken or proposed to be taken on the recommendations, etc , made by the Public Accounts Committee The explanation given or the action taken in regard to the cases mentioned in that statement was accepted subject to the following remarks

2 *Item 15 Revision of Army Regulations* The Defence Secretary explained to the Committee that owing to stress of circumstances a slight departure had to be made in the programme contemplated when he undertook last year to do his best to have the "Regulations for the Army in India" and the "Pay and Allowances Regulations" in a revised form when the Committee met this year All matter bearing on leave rules was extracted from the existing regulations in force and compiled into a book of regulations about military leave rules which has been sent for the approval of the Secretary of State A revised draft of "Regulations for the Army in India" was ready and was expected to be sent to the press in the course of a day or two The mass of rules now in force had been divided in the new book into two portions, one dealing with matters requiring the sanction of the Government of India and the other dealing with

departmental instructions issued under the authority of the Commander-in-Chief. As regards the "Regulations relating to Pay and Allowances", the "Pay volume" was under revision and was unlikely to be completed before six months, but the first draft of the "Allowances" part was practically complete. The revision of the third main book of Regulation, viz., "Passage Regulations" had yet to be started as it had to await the completion of the more important work of the other Regulations referred to above. The Defence Secretary thought that it would be necessary to continue the special staff employed on the work for another two or three years to complete the work. In view of the long time already taken, the Committee was prepared to recommend to Government the employment of additional staff, if considered necessary, to expedite the work.

3 Item 19 Departmental inquiry in case of frauds pending decision of criminal trial In explaining the procedure, the Defence Secretary said that if departmental inquiry showed that the person involved was unfit to be kept in service he would not be retained on duty pending the completion of legal proceedings against some other person implicated. The Committee was satisfied.

4 The Committee next considered Appendix A to the Appropriation Accounts of the Defence Services prepared by the Financial Adviser, Military Finance. The action taken or proposed to be taken was approved subject to the observations below.

5 Item 1 The manner in which the Auditor-General's recommendations were given effect to was considered, and it was thought that the items shown in Appendices M and N of the Financial Adviser's Report were susceptible of considerable curtailment. The Financial Adviser suggested that the items could advantageously be divided into (i) works completed in the year, and (ii) works in progress. It was decided that the matter should be left for further consideration by the Financial Adviser and the Auditor-General. The Committee discussed at some length the need for a reserve for works expenditure and on the Auditor-General expressing the view that he was satisfied that as a matter of practical financial administration a reserve was justified, the Committee passed on to consider the suitability of the lists included in the Financial Adviser's Report. The Auditor-General advocated that the list should be restricted only to cases illustrating points of principle and should include only cases where inaccurate estimating was apparent or which betrayed very large discrepancies from the original estimates.

6 At the instance of the Auditor-General, the Committee agreed that it was no longer necessary to have Appendix A in the Financial Adviser's Review because the purpose in view was fully served by the Quarterly Statement showing the action taken on the Committee's recommendations.

7 The Committee then took up the consideration of paragraph 3 (a) of the Auditor-General's letter, dealing with the transfer to the Defence Reserve Fund of a saving of Rs 33 lakhs arising out of the unexpected material fall in the prices of food grains. The Chairman explained to the Committee the policy underlying the appropriation by the Defence Department of savings accruing either from special economies or by fall in prices. In dealing with paragraph 3 (b) of the Auditor-General's letter the Chairman explained to the Committee the arrangement whereby the

Commander-in-Chief was to have any savings that he effected for his re-equipment programme unless the Finance Member decided to intercept them for any financial exigencies In the course of the discussion it was pointed out that the motive underlying the original contract grant budget was to give the Commander-in-Chief an incentive to keep up the pressure for economy and to equalise expenditure by preventing large variations between year and year in the calls on the central budget The Committee wished to know if it could not be arranged that any savings hereafter in Defence expenditure should revert to general revenues The Auditor-General stated that he understood the position to be that when the question of the utilisation of savings arises the Finance Member satisfies himself on the one hand that there is military necessity to which the amount must be devoted and on the other hand that there is no other overriding claim on the part of the general budget for such savings

8 As regards paragraph 3 (c) of the Auditor-General's letter the Committee after considering the explanation given by the Financial Adviser, Military Finance, desired an exhortation to be made for closer estimating

9 *Paragraph 4 of the Auditor-General's letter Review of Military Engineer Services expenditure.* The Committee considered this paragraph of the Auditor-General's letter together with the relevant paragraphs of the Financial Adviser's Review The position regarding the Hastings military land scheme was discussed at considerable length The Committee drew attention to the variations between the original estimate and the completed cost of the case noticed in paragraph 140 of the Financial Adviser's Review The Financial Adviser informed the Committee that steps had been taken to see that all estimates were revised in the light of the latest information available as to labour and materials with the help of the new staff employed for the purpose The Auditor-General observed that he had begun to see good results of this new system and that the Director of Audit will review the progress in future reports

10 *Paragraph 143 of the Financial Adviser's Report* The Committee considered the question of heavy expenditure in March The Military Accountant-General explained that one of the reasons for the heavy expenditure in March was climatic conditions Final bills were ordinarily submitted in March for work started in October and completed by February He explained to the Committee that the Military Accounts Department were now trying to get over that problem largely by a system of spreading the work over the end of one year and the beginning of the next At the instance of the Chairman the Committee adopted the recommendation that the Financial Adviser and the Auditor-General should discuss this matter further and that the Committee should be apprised of the results of their investigation next year in the Financial Adviser's Report They would also investigate whether a specific provision in the reserve for the re-grant of lapses would not lessen the rush of expenditure in the last quarter of the year

The Committee then adjourned till 11 A M on the 16th July 1936

Proceedings of the second meeting of the Military Accounts Committee
held on Thursday, the 16th July 1936, at 11 A.M.

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I Finance Member,
Chairman

Mr J C NIXON, C S I , C I E , I C S , Finance
Secretary,

Mr S SATYAMURTI, M L A ,
Captain SHEK MOHAMMAD KHAN, C I E ,
M B E , M L A ,

Sir ERNEST BURDON, K C I E , C S I , I C S
Auditor-General,

Mr K R S RAU, Director of Audit, Defence
Services,

Mr G R F TOTTENHAM, C S I , C I E , I C S .

Major-General G H ADDISON, C B C M G .
D S O Financial Adviser, Military
Finance,

Mr J C BROMMAGE, M B E , Deputy
Financial Adviser,

Lt Col R PRINCE, O B E , Military
Accountant-General

Membcrs.

We re also
present

Witnesses

11 *Review of Military Engineering expenditure* The Committee took up for consideration the Auditor-General's comment on the position of the Military Engineering stock on the 31st March 1935 in paragraph 4 of his letter and discussed the position regarding surplus stores. The Auditor-General explained to the Committee that there was generally a stock limit laid down by Government with reference to which one could judge whether a surplus was excessive or not. The Financial Adviser elucidated the circumstances in which surplus stores result, e.g., replacements occasioned by new inventions or return of material after a military operation. The Committee was given to understand that the process of replacing was gradual and in that process a certain amount of overlapping was inevitable. The Chairman suggested and the Committee agreed that the question might be pursued in connection with paragraph 5 of the Auditor-General's letter.

12 *Stores transactions* Paragraph 5 of the Auditor-General's letter was next taken up and at the instance of the Chairman the Auditor-General supplemented the observations in his letter by a note which he read to the Committee (Annexure I). He explained that audit would see whether the proposals in the note go far enough and whether the figures produced were reliable enough and that until he was satisfied that the figures produced were reliable enough he would not advocate their inclusion in Appendix E to the Financial Adviser's report. In that connection he said that it was not proposed to include in the statement

any war-like stores. The Committee on the valuation of Navy, Army and Air Force stocks in England expressed the opinion that the valuation of war-like stores was neither possible nor desirable. The recommendations of that Committee were accepted by the Treasury. It was proposed to follow a similar practice in India.

13 The Auditor-General was then requested to deal with paragraph 5 (b) of his letter dealing with the question of the preparation and exhibition of a valued statement of surplus and obsolete stores written off. He explained the inutility of showing the value of such stores. For one thing it is difficult to say what is the correct valuation of surplus stores and for another if the original cost is shown it would convey a misleading impression. As however he recognised that it was essential that both the Audit Department and the Public Accounts Committee should have some information regarding the disposal of surplus and obsolete stores, he was considering the question of the preparation of some useful statistics. His provisional view was that the Military Finance Branch should carry out their present detailed scrutiny of each item of surplus or obsolete stores put up for disposal and prepare a consolidated statement showing the value of stores declared surplus or obsolete quarterly and submit for the information of the Auditor-General through the Director of Audit, Defence Services. The statement is to be supplemented as may be necessary by explanatory remarks and comments on points of financial importance revealed by scrutiny. At suitable intervals an audit review would be conducted and a report included by the Director of Audit, Defence Services, in his annual report, rash purchases and hasty discards being noticed therein. The Committee was assured that surplus stocks would be taken into account when placing fresh orders for stores. The Auditor-General explained that as the annual provision in the budget for expenditure on stores was based on very elaborate calculations which took into account the balances in hand including surplus stocks, there was an automatic check on reckless purchases.

14 Paragraph 34 of the Report of the Director of Audit, Defence Services, regarding the difference in practice in the system of stock verification, next engaged the attention of the Committee. The Auditor-General explained that he drew attention to the precautionary double check prevalent in certain departments because he considered it a matter of considerable importance from the point of view of financial control and procedure and if it was affirmed as good it was desirable to have it on record. The Committee agreed.

15 The Committee then discussed the variations under certain items in Appendix E to the Financial Adviser's Report and passed on to paragraph 25 of the Appropriation Accounts dealing with the qualifications to the audit certificate. The Military Accountant-General explained that the first proviso was due to the equipment regulations and tables not having been revised. He hoped that they would be complete by next year when that qualification would disappear. The second qualification was likewise due to the extremely complicated nature of some of the orders. He instance the ease of issues of oil to soldiers which depended on a variety of circumstances. It was hoped to prepare a uniform standard in the near future. Since signing his last certificate, the Military Accountant-General explained that orders regarding the third proviso

had issued. The Auditor-General invited the attention of the Committee to a note prepared by the Military Finance Branch on the subject (Annexure II).

16 The Committee thereafter took up paragraph 9 of the Audit Report dealing with the overdrawal of certain passage accounts. The Committee was satisfied that the matter need not be pursued further. Paragraphs 17, 18 and 21 were next considered.

The Committee adjourned till 2.30 p.m.

Proceedings of the third meeting of the Military Accounts Committee held on Thursday, the 16th July 1936, at 2.30 P.M.

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,	<i>Chairman</i>
Mr J C NIXON, C S I , C I E , I C S , Finance Secretary	<i>Members</i>
Mr S SATYAMURTI, M L A	
Sir MOHAMMAD YAKUB, Kt , M L A	
Captain SHER MOHAMMAD KHAN, C I E , M B E , M L A	
Sir ERNEST BURDON, K C I E , C S I , I C S , Auditor-General	<i>We're also present</i>
Mr K R S RAU, Director of Audit, Defensee Services	
Mr G R F TOTTENHAM, C S I , C I E , I C S	
Major-General G H ADDISON, C B , C M G , D S O , Financial Adviser, Military Finance	<i>Witnesses</i>
Mr J C BROMMAGE, M B E Deputy Financial Adviser	
Lt-Col R PRINCE, O B E , Military Account- ant-General	

18 The Committee considered the note (Annexure II) prepared by the Military Finance Branch on matters connected with the provisioning of R A F stores in India to which the Auditor-General invited attention in the earlier meeting (para 15) They desired to have a further report next year

19 The Committee then touched on paragraphs 66 and 67 of the Audit Report for 1933-34 regarding the overstocking of Mechanical Transport spares and desired that the matter should be investigated and a report submitted next year

20 *Paragraph 21 of the Audit Report* The non-recovery or short recovery of rent, water and electrical charges dealt with in paragraph 21 of the Audit Report was discussed The Auditor-General pointed out that in the management of vast properties a certain amount of non-recovery or short recovery was almost inevitable He considered that the lack of system which was noticed two or three years ago had been remedied by suitable measures The Committee desired that the Director of Audit should pay special attention to the matter from the point of the adequacy of the new measures They suggested that in the light of the present discussions he should report on the question rather more specifically next year

21 *Paragraph 23 of the Audit Report Compensation for inferior accommodation* The Committee desired to know if the payment of lodging allowance was obligatory. The Defence Secretary in explaining the position stated that officers had a legal right to be provided with a certain type of accommodation. The Committee desired that this matter should be further investigated and a report submitted next year.

22 *Paragraph 26 of the Audit Report Overpayments of pensions* it was explained to the Committee that these overpayments which related mostly to Indian personnel dated back to 1922 when Government ordered a revision of war pensions to be carried out very expeditiously in order to afford immediate relief to the recipients. The Auditor-General explained that he had examined the question recently with the Defence Secretary and the Military Accounts Department and was satisfied that the expenditure on the special staff required to examine the cases would not be justified, having regard to the fact that many of the pensions were disability and family pensions which would expire by efflux of time within the next few years. The Committee agreed.

23 *Paragraph 8 of the Auditor-General's letter Improvement in control of expenditure* The Committee then took up paragraph 8 of the Auditor-General's letter. The Auditor-General expressed his satisfaction with the measure of financial control and the Committee wished to associate themselves with the Auditor-General's opinion.

24 In considering the M T Equalisation Fund, the Committee at the instance of the Auditor-General desired that in the budget and appropriation accounts each individual item of transfer to and from the Defence Reserve Fund should be shown separately to facilitate appropriation audit.

25 *Appendix F to the Financial Adviser's Appropriation Report* On the Auditor-General explaining the inutility of this Appendix, the Committee agreed that it may be omitted in future.

26 After considering the Home Auditor's comments the Committee adjourned.

ANNEXURE II.

The Public Accounts Committee agreed to the abolition of priced stores ledgers in Arsenals and other storage depots on the understanding that the British practice of exhibiting in the Appropriation Accounts the values of stocks for certain important categories of stores would be followed (Paragraph 32 of the Public Accounts Committee's Report on the Accounts for 1929-30)

In pursuance of the above undertaking the Financial Adviser, Military Finance, showed in Appendix E to his Appropriation Accounts for 1931-32 the values of provisions, forage (grain and salt), fuel, and light, petrol and lubricants and clothing

In June 1934, the Director of Army Audit (now Director of Audit, Defence Services) suggested the desirability of including in Appendix E the value, etc of all or any of the following additional stores

- (i) M T Stores
- (ii) R A F Stores
- (iii) R I N Stores

In Appendix E to the Appropriation Accounts for 1934-35 the value, etc, of M T and R I N Stores has been shown for the first time As regards the R A F Stores the position is as follows

In the Home Air Services Appropriation Accounts values of the following categories of R A F Stores are given

- (i) Clothing
- (ii) M T Commercial type vehicles held in reserve
- (iii) Spare part of Commercial type M T vehicles held on store charge at Store Depots
- (iv) Fuel and Light held on Store Charge at Units
- (v) Provisions stocks held at Supply Depots
- (vi) Petrol working stocks on store charge, stored in bulk storage tanks

The Financial Adviser, Military Finance, has agreed to show in future in Appendix E to the Appropriation Accounts of the Defence Services the values of the following categories of R A F stores

- (1) Blue clothing
- (2) Commercial type M T vehicles held in reserve
- (3) Spare parts of commercial type M T vehicles held on charge by R A F main supply Units in India

As regards the other categories, the values of which are given in the Home Air Services Appropriation Accounts, the Aircraft Park and Aircraft Depot obtain these stores from the Army supply sources for their own requirements and not for issue to R A F Squadrons

Since Appendix E to the Appropriation Accounts of the Defence Services show only values of stores held by Store and Supply Depots for issues to consuming Units and not of those held by consuming Units

themselves, it does not seem necessary to show in the Appendix the value of stores drawn by the R A F Park and Depot for their own use and not for issue to other units

A footnote should, however, be inserted in future in the Appendix E to indicate that the figures of closing balances shown against the following categories of stores include also stores required for the R A F. Similar note is inserted, where necessary, in the Home Appropriation Accounts

R I A S C.

- (i) Provisions
- (ii) Fuel and Light
- (iii) Petrol and Lubricants

I A O C

- (iv) Clothing

The question of formally including the values of R A F Stores in Appendix E will, however, be decided after the figures produced by the Financial Adviser, Military Finance, have been scrutinised in Audit

ANNEXURE III

Note on matters connected with the provisioning of R. A. F. stores in India

Last year, the Military Accounts Committee were informed that the A.O.C. would apply for formal sanction to cover the stocks normally held by the R.A.F. in India and to regularise the issue of the Equipment Tables for the R.A.F. consuming units. This has been done and the necessary orders on the subject have been issued. The audit certificate will not in future be qualified in this respect.

2 The present position has thus been regularised and definite improvements have been made in the provisioning system as for example

- (i) Lack of continuity of service in this important branch of the R.A.F. had, in the past, been one of the difficulties in the way of economical stockholding. This has been overcome by the special retention of an experienced officer for an extended period instead of for the normal short tour of duty in India, and by the substitution of continuous Indian service personnel of the Indian Army Corps of Clerks on the clerical work involved in detailed provisioning.
- (ii) Much thought has been given to the review of actual stocks held by R.A.F. supply and consuming formations, and recently a comprehensive set of instructions has been issued for the guidance of all concerned. Every item of stock must now be reviewed most carefully at least once a year, and all surplus and obsolete stocks have to be reported to H.Q.R.A.F. for action.
- (iii) Arrangements have been made to forecast requirements earlier than in the past and so allow a more reasonable time for the D.G., I.S.D., to despatch stores so as to arrive at the time they are actually required in.
- (iv) More information will, in future, be provided in support of demands prepared by stores depots, this allows greater control to be exercised by H.Q.R.A.F. and this information will also be made available to the Military Finance Branch.

3 Apart from this, a comprehensive review of the whole machinery of supply and stockholding has been initiated and considerable progress made. This comprises reconsideration of the present stock limits, the revision of the Equipment Tables, the revision of the Stores Regulations for the R.A.F. in India, and the preparation of a self-contained set of instructions on the subject of provisioning in the R.A.F. To deal with these important matters, an officer and a clerk were employed from the 18th November 1935 to the 15th June 1936, but from that date, in order to expedite disposal of the work, a Revision Section was formed. It consists of a Squadron Leader, a Flying Officer, a Flight Sergeant, and a clerk and is assisted by the D.F.A.R.A.F.

4 The following is a resume of the work dealt with to date —

- (i) *Equipment Tables* - A revised lay out of the Tables has been prepared and a scheme for the introduction of it is well on the way. Generally speaking, the revised Tables will be on the lines of similar Tables in use in the Army and will show, *inter alia* the scales of articles of equipment &c., authorised for use by the various units.
- (ii) *Provision Instructions* These are in the process of compilation and several sections have been prepared in draft form. The instructions cannot be completed until decisions have been reached in the light of the review of the present stock limits.
- (iii) *Revision of Stores Regulations for the R.A.F. in India* This work has been started and an important chapter on disposals procedure has been re-written and referred to other Branches for remarks. Other points have been dealt with and care is being taken to ensure that the revised book will key in with the rules in Financial Regulations, Stores Accounting Instructions, &c.
- (iv) *Review of stock limits* This item covers a large field. The first step necessary is a reconsideration of store requirements in the light of recent appreciations of India's accepted defence commitments. This work is well in hand and has necessitated a reference to the Air Ministry in regard to certain aspects of supply particularly during emergencies. It will be appreciated that all aircraft and connected equipment and spares have to be procured through the Air Ministry who have the manufacturers at their elbow. India has no test and experimental establishments for R.A.F. equipment and stores and all supplies to India are subjected to Air Ministry tests and inspection.

5 Owing to the varying factors which affect the different types of R.A.F. equipment the review of the stock limits is being carried out under separate headings, and the progress made is briefly described below.

- (1) *General stores* This includes airframe and engine spares, connected equipment, W/T sets, photographic gear and materials, paints, dopes, varnishes and other materials used in repair, overhaul and maintenance of aircraft, aerodrome and workshop equipment, clothing, &c. A review of stock holdings of general stores was undertaken some time ago and proposals were submitted to the Military Finance Branch. In the light of their comments it was necessary to refer certain points to the Air Ministry (whose reply is awaited). In the meanwhile the proposals have been recast in skeleton form.
- (2) *Airframes and engines* All existing Government sanctions have been examined and consolidated in the shape of scales, but requirements have yet to be re-assessed after

consideration has been given to the general questions referred to in paragraph 4 (iv) above

- (3) *Mechanical Transport.* Before proceeding with the review of stock holdings necessary, consideration is being given to the various types of M T in use by the R A F at Home and in India and to the question of supply in peace and war. When this has been fully explored, the stock limits will be reviewed in the light of the decision reached
- (4) *Explosives.* A good deal of ground work on this has been done, but the stock-holding proposals cannot be completed until certain information has been received from the Air Ministry in regard to supply in times of peace and of emergency
- (5) *Petrol, oil and lubricants.* These are ordinarily procured from the R I A S C who are the stock-holders, but the R A F have to assess the probable requirements. The review of the present stock holdings is complicated by questions of bulk storage, feasibility of supply by the Companies to landing grounds on air routes, &c., which are now under consideration

ANNEXURE IV

Indian Certificate

I certify that, on 31st March 1936, the War Reserves of stores authorised by the Government of India to be held at that date for the mobilization of the Army in India and detailed in the published War Equipment Tables, or provided for under specific sanctions, for the provision and maintenance of which I am responsible, were complete to the extent to which the quantities required have been calculated, with the exception of fluctuations normal to the maintenance of such reserves, or to shortage and deficiencies due to sanctioned alterations in such reserves, the adjustment of which is in hand, and with the exceptions shewn in the attached Annexure

W H M MOENS,

Lieut-General,

Q M G

The 28th May 1936

Annexure to certificate, dated 28th May 1936.

Deficiencies in the authorised numbers of M T vehicles to be held in mobilization reserve

(i) Motor cycles, solo	55
4th Cav Bde Signal Troops	4
2 L T Coys	4
4th Fd Bde R A	14
C A Us and D A Us	33
	55

Orders for the deficiencies will be placed as soon as the type of replacement machine is decided

(ii) Motor cycles, combination	6
(1st, 2nd and 3rd Indian Divisional Signals)	

The deficiencies will be made good by the purchase of class "D" cars necessary orders to complete the deficiencies have been placed

(iii) Motor cars, class "D"	2*
(Divl Ammn Units)	

Orders for the 2 cars will be placed during 1936-37

*This excludes 16 required for medical units, *vide* mob situation review, no authority for these vehicles has been received

(iv) Workshop lorries	5
Store lorries	14
Breakdown lorries	11

The authorised war reserve figures of technical vehicles are under revision under the R I A S C (M T) re-organization. Consequently no action has been taken to complete the deficiencies.

(v) Foden disinfector lorries	..	4
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According to the latest policy the deficiencies will not be made good.

the Committee that it could be revived if the results in future years warranted such a course. The Committee agreed.

3. The Committee also discussed the withdrawal of a sum of Rs. 02 lakhs from the revenue surplus of 1933-34 for debt redemption. They felt considerable doubt in connection with such funds about voting an indefinite sum which purported to represent the whole of the surplus of a year and recommended that in future when special funds are set up they should be constituted by a vote for a specific amount.

The Committee adjourned till 2.45 p.m.

Proceedings of the second meeting of the Public Accounts Committee
held on Friday, the 17th July 1936, at 2-45 P.M.

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman

Mr S SATYAMURTI, M L A	Members
Dr THIN MAUNG, M L A	
Mr J RAMSAY SCOTT, M L A	
Maulvi Sir MOHAMMAD YAKUB, Kt , M L A	
Bhai PARMA NAND, M L A	
Dr R D DATAT, C I E , M L A	
Rai Bahadur Sir SAIYACHARAN MUKHERJEE, Kt , C B E , M L A	Were also present
Khan Bahadur Shankh FAZL-I-HAQ PIRACHA, M L A	
Sir ERNEST BURDON, K C I E , C S I , I C S , Auditor-General	
Mr T K RAJAGOPALAN, Accountant General, Central Revenues	Witness
Mr J C NIXON, C S I , C I E , I C S , Finance Secretary	

4 The Committee took up the consideration of the various appropriation accounts relating to the Finance Department together with the relevant portions of the Home Auditor's comments

5 They dealt with items (2) to (21) in the Auditor-General's key statement and after discussion recommended that assent should be accorded to the excess grants brought to their notice

6 The following important points were specifically noticed by the Committee —

- (i) *Grant No 25 Interest on Ordinary Debt* The Committee thought that it was somewhat confusing to have the two sub-heads A1 (1) Interest on Permanent Debt and A1 (2) Reserve provision for service of new loan They desired that Finance Department should consider the question of amalgamating the two heads in future
- (ii) *Paragraph 68 of the Appropriation Report Grant-in-aid to the New Delhi Municipality* The Auditor General suggested and the Committee agreed that Government should consider the possibility of defining the functions of the financial representative on the Committee They desired that he should have access to all records and should have the right to report to Government through the Chief Commissioner The Finance Secretary undertook to consider the recommendation and to report to the Committee in due course

(iii) *Grant No. 76-D Transfer to the Fund for Economic Development and Improvement of Rural areas.*- The Committee desired to know if the accounts were being audited. The Auditor General informed the Committee that the whole of the expenditure was being audited in the usual way and a certificate given that the money had been applied to purposes approved by the Government of India.

(iv) *Grant No. 77 Refunds.* The Chairman explained that refunds should strictly be treated as deductions from revenue instead of as expenditure and that the question was being considered by the Finance Department.

The Committee then adjourned till 11 a.m. on Monday the 20th July 1936

Proceedings of the eighthth meeting of the Public Accounts Committee
held on Thursday, the 23rd July 1936, at 2-30 P.M.

PRESENT

Mr S SATYAMURTI, M L A, *Chairman*

Mr B DAS, M L A

Professor N G RANGA, M L A

Dr THEIN MAUNG, M L A

Mr J RAMSAY SCOTT, M L A

Captain SHER MOHAMMAD KHAN, C I E,
M B E, M L A

Bhai PARMA NAND, M L A

Dr R D DATAT, C I E, M L A

Rai Bahadur Sir SATYACHARAN MUKHERJEE,
Kt, C B E M L A

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA,
M L A

Sir ERNEST BURDON, K C I E, C S I, I C S,
Auditor-General

Mr T K RAJAGOPALAN, Accountant-General,
Central Revenues

Sir GIRJA SHANKAR BAJPAI, K B E, C I E,
I C S, Secretary Education, Health and
Lands Department

Mr M S A HYDARI, C I E, I C S, Joint
Secretary, Education, Health and Lands
Department

} Members.

} Were also
present

} Witnesses

7 The Committee took up the examination of the appropriation accounts and the connected documents relating to the Department of Education, Health and Lands

8 *Grant No 60 Imperial Council of Agricultural Research Department* ---The Committee took up the examination of the appropriation accounts pertaining to the Imperial Council of Agricultural Research. They desired to know if the expenditure on the schemes sanctioned from the Government of India grant was audited and whether the accounts were published in the Provincial Appropriation Accounts. The Auditor-General explained that the expenditure from grants made to the provinces was audited in the usual way and appeared in the Provincial Appropriation Accounts.

9 *Item No 6 of the Quarterly statement, Grants to New Delhi Municipality* ---The attention of the Committee was next focussed on the grants made to the New Delhi Municipality. The Finance Secretary stated that the Finance Department in consultation with the Auditor-General and the Education, Health and Lands Department had decided to post to the Municipality a qualified resident accountant, subordinate

*3rd to 7th meetings were for Railways

to the Accountant-General, Central Revenues, who will conduct a continuous audit. The experiment will be tried for 3 years in the first instance. As explained to the Committee in an earlier meeting the question of giving certain powers to the financial representative on the Committee will be considered. The grants to the Municipality will not be made on the estimates of the Municipality but with reference to the audited actuals, the grant in any particular year being only made on a provisional basis subject to readjustments later in the light of actuals. Moreover, the Municipality was being instructed to maintain proper accounts of its capital undertakings. A scheme for providing depreciation to cover replacements of plant, etc., was also being introduced. The Committee took note of the Auditor-General's assurance that proper steps were being taken to set the house in order.

10 Grant No 48 Survey of India The variations between estimates and actuals in this Grant were commented on by the Committee. The departmental representatives explained the peculiar circumstances attendant on the budgeting of the grant. The Committee commented adversely on the supplementary grants obtained in 1934-35. In the light of the estimates for 1935-36 and 1936-37, the Committee were satisfied with the financial control exercised by the Finance Department.

The Committee discussed the position of the Mathematical Instruments Office. The Education Secretary explained the reasons why Government decided to treat it as a service department. The bulk of the work done at the Mathematical Instruments Office was for the Survey of India. There was no organisation elsewhere in India to cope with this special work and it was certainly cheaper to have it done in India than in England. The Mathematical Instruments Office reconditions old apparatus which has no market value and by adaptations and improvements lengthens the useful life of condemned articles. It was explained to the Committee that since they last met, a further reduction of Rs 18,000 had been made in the establishment charges of that office. Government was also exploring the possibility of charging a proportion of the cost of the Mathematical Instruments Office to Survey parties and recovering a part of the expenditure from Local Governments to whom the Survey of India renders service. The extent to which the Indian Stores Department could use the Mathematical Instruments Office was also going to be discussed with the Chief Controller of Stores on his return from leave.

The Committee adjourned till 11.30 A.M. on Friday, the 24th July 1936.

**Proceedings of the ninth meeting of the Public Accounts Committee held
on Friday, the 24th July 1936, at 11 A.M.**

PRES^NT.

Mr J RAMSAY SCOTT, M L A, *Chairman.*

Mr B DAS, M L A

Mr S SATYAMURTI, M L A

Professor N G RANGA, M L A

Dr THFIN MAUNG, M L A

Maulvi Sir MOHAMMAD YAKUB, Kt, M L A

Captain SHER MOHAMMAD KHAN, C I E,
M B E, M L A

Bhai PARMA NAND, M L A

Dr R D DATAT, C I E, M L A

Rai Bahadur Sri SATYACHARAN MUKHERJEE,
Kt, C B E, M L A

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA,
M L A

Sir ERNEST BURDON, K C I E, C S I, I C S,
Auditor-General

Mr T K RAJAGOPALAN, Accountant-General,
Central Revenues

Sir GIRJA SHANKAR BAJPAI, K B E, C I E
I C S. Secretary, Education, Health and
Lands Department

Mr M S A HYDARI, C I E, I C S, Joint
Secretary, Education, Health and Lands
Department

Members

*Were also
present*

Witnesses

11 The Committee continued the examination of the unfinished portion of the appropriation accounts of the Department of Education, Health and Lands

12 *Grant No 50 Agriculture* They took up first Grant No 59 for consideration. They discussed the variations occasioned by the transfer of the Agricultural Institute, Pusa. In that connection it was explained to the Committee that the budget estimates for the year 1934-35 were framed long before the earthquake occurred. If at a subsequent stage major alterations occurred every effort was made to adjust the estimates accordingly but as a rule it was not considered necessary or even practicable to make minor alterations. The expenditure on the agricultural engineering schemes in Sind next attracted the attention of the Committee. The Committee were told that the expenditure was in connection with the Lloyd Barrage scheme regarding which the Government of Bombay could not be expected to evince much interest in view of the impending separation of Sind from Bombay. On the other hand, it was stated that the Government of India were vitally interested in measures designed to reduce the

subvention to Sind. It was accordingly decided to meet the expenditure from central revenues, the services of the Bombay Government being utilised only as agents of the Government of India.

13 In discussing the accounts of the Karnal Farm, the Committee desired that Government should examine the possibility of increasing income and decreasing expenditure in respect of this concern. As regards the decision to re-start the Creamery at Anand, the Education Secretary explained that at present India imported about Rs 50 lakhs worth of milk products from abroad and it was considered desirable that a certain amount of technological work should be conducted at some central place where experiments in skimmed milk, condensed milk, etc., might be conducted with a view to better utilisation of the surplus milk which at the present moment was sold at a figure which was not remunerative to the cultivator. The Committee were satisfied that the decision of Government to reopen Anand was justified. They thought that there was still some extravagance in the working of the Wellington Milk Depot and saw no reason for the reduction in sale prices below the cost of production.

14 *Grant No 61 Imperial Veterinary Serum Institute, Izatnagar*
 The Committee desired to know if the Government of India had considered the possibility of Local Governments starting their own institutes under the new dispensation. The Education Secretary explained that the Government of India had no power to prevent any Local Government from doing so. Indeed one Local Government had actually done it. To prevent loss of custom the rates on the various kinds of sera had been reduced in 1933 with gratifying results. The Director at Muktesai was in very close touch with the Directors in the provinces and there was no doubt that he would recommend to the Government of India suitable steps in the event of them losing the present custom to competing concerns.

The Committee adjourned till 11 A.M. on Monday the 27th July 1936

Proceedings of the tenth meeting of the Public Accounts Committee held
on Monday, the 27th July 1936, at 11 A.M.

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman

Mr B DAS, M L A

Mr S SATYAMURTI, M L A

Professor N G RANGA, M L A

Dr THFIN MAUNG, M L A

Mr J RAMSAY SCOTT, M L A

Maulvi Sir MOHAMMAD YAKUB, Kt , M L A

Captain SHER MOHAMMAD KHAN, C I E ,
M B E , M L A

Bhai PARMA NAND, M L A

Dr R D DATAL, C I E , M L A

Rai Bahadur Sir SATYACHARAN MUKHERJEE,
Kt , C B E , M L A

Khan Bahadur Shaikh FAZL-I-NAQ PIRACHI,
M L A

Sir ERNEST BURDON, K C I E , C S I , I C S ,
Auditor-General

Mr T K RAJAGOPALAN, Accountant-General,
Central Revenues

Mr A G CLOW, C S I , C I E , I C S ,
Secretary, Industries and Labour
Department

Mr N M AYYAR, I C S , Additional Deputy
Secretary, Industries and Labour Depart-
ment

Mr G L GANDY, Officiating Director of Civil
Aviation

Members

*Were also
present*

Witnesses

15 The Committee took up the examination of the appropriation
accounts and the connected documents relating to the Department of
Industries and Labour

16 *Grant No 40 Department of Industries and Labour* was first
taken up for consideration The large saving under 'Establishment'
evoked the attention of the Committee The Chairman explained that
steadily increasing lump cuts were being made by the Finance Depart-
ment He added that the Committee would be at perfect liberty to
comment adversely and abjure the Finance Department to make further
cuts if the trend of actuals in the future indicated the necessity of
such a course The Committee generally agreed

17 In discussing Grant No 75 Stationery and Printing the Com-
mittee commented on the reappropriation of Rs 13,200 under customs
duty on stores They desired to know why there was a change of policy

during the course of the year to purchase stores in India though the budget estimates assumed purchase of stores in England. The Committee observed that in future departments ought to take into account the trends of prices and the possible changes in policy during the year. It was explained to the Committee that the large variations under the Government of India Press, New Delhi, were due to the transfer of some of the activities of the Calcutta Press to Delhi, which was not foreseen at the time of preparing the estimates. The Committee emphasised the importance of adequate staff for dealing with estimates and asked the Finance Department to see that effective arrangements were made to this end.

18 The Committee discussed the commercial accounts of the Government of India Presses. They desired to know why there was an increase in indirect charges in the Calcutta Press. Mr Clow explained that while reducing the staff and the size of the Press it was not possible to reduce the overhead charges proportionately. Government were, however, thinking of abolishing the Hastings Street Press and transferring its work to Dhuri umtollah. The Committee asked for a report on this next year.

19 *Central Publication Branch* The Committee referred to their recommendation last year and asked what the latest position was. It was explained to them that the matter had been examined by audit. As regards publications proper the progressive stocktaking and the internal posting of ledgers was expected to be completed in August or September. Additional staff had been sanctioned to cope with the work of verification and weeding of the publications.

20 *Ecclesiastical* The Committee observed that the question of the allocation of Ecclesiastical expenditure had been outstanding for a long time. The Industries Secretary explained that a committee was sitting now and had almost settled a draft allocation.

The Committee adjourned till 2-45 P.M.

Proceedings of the eleventh meeting of the Public Accounts Committee
held on Monday, the 27th July 1936, at 2-45 P M

PRESIDENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman

Mr B DAS, M L A

Mr S SATYAMURTI, M L A

Professor N G RANGA, M L A

Dr THEIN MAUNG, M L A

Mr J. RAMSAY SCOTT, M L A

Maulvi Sir MOHAMMAD YAKUB, Kt , M L A

Captain SHER MOHAMMAD KHAN, C I E ,
M B E , M L A

Bhai PARMA NAND, M L A

Di R D DALAL, C I E , M L A

Rai Bahadur Sir SATYACHARAN MUKHERJEE,
Kt , C B E , M L A

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA,
M L A

Sir ERNEST BURDON, K C I E , C S I , I C S ,
Auditor-General

Mr T K RAJAGOPALAN, Accountant-General,
Central Revenues

Mr ISWAR DAYAL, Audit Officer, Indian
Stores Department

Mr N M AYYAR, I C S , Additional Deputy
Secretary, Industries and Labour Depar-t-
ment.

Mr G L GANDY, Officiating Director of Civil
Aviation

Mr R W TARGETT, Officiating Chief Con-
troller, Indian Stores Department

Mr F T JONES, C I E , M V O , V D , Offici-
ating Chief Engineer, Central Public
Works Department

} Members

} Were also
present

} Witnesses

21 The Committee resumed the examination of the remaining grants
with which the Department of Industries and Labour were concerned

22 The Committee took up the consideration of Grant No 49 dealing
with Meteorology They thought that the department ought to budget
more closely in future They next dealt with Grant No 63 Civil Aviation
In this connection they asked the Civil Aviation Department to consider
the desirability of scrapping Avro X if there was to be no increase in
the use of that machine for Government purposes

23 *Grant No 70 Indian Stores Department* The Committee were
promised a report on the amalgamation of the London Stores Department
and the Indian Stores Department as soon as possible after Sir James

Pitkeathly's return The Committee dealt with the variations in the grant They also discussed the possibility of increasing the activities of the Department by getting the railways and the Defence Department to make further use of the Department in the purchase of stores The Chief Controller of Stores was satisfied with the progress which had been made in this direction, and until the department was more fully equipped he would not himself welcome an expansion of their activities He was also not inclined to take up the purchase of foodstuffs for the Army who had their own highly developed organisation for this purpose The Auditor-General reminded the Committee that in recent years the matter had been considered by the Military Retrenchment Committee The Committee were glad that the policy of purchasing through the Indian Stores Department was progressing and hoped that that policy would be pressed on as rapidly as circumstances permitted

24 Grant No 73 Civil Works The Committee felt that new works were being too readily sanctioned in the course of a year though not provided for in the original budget This was obviously undesirable and they recommended that the Finance Department should sanction new projects in the course of a year only on real grounds of urgency or because they produced economy

The Committee adjourned till 11 A M on Tuesday, the 28th July 1936

**Proceedings of the twelfth meeting of the Public Accounts Committee
held on Tuesday, the 28th July 1936, at 11 A.M.**

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman

Mr B DAS, M L A

Mr .S SATYAMURTI, M L A

Professor N G RANGA, M L A

Dr THIN MAUNG, M L A

Mr J RAMSAY SCOTT, M L A

Maulvi Sir MOHAMMAD YAKUB, Kt , M L A

Captain SHER MOHAMMAD KHAN, C I E ,
M B E , M L A

Bhai PARMA NAND, M L A

Dr R D DATAT, C I E , M L A

Rai Bahadur Sir SATYACHARAN MUKHERJEE,
Kt , C B E , M L A

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA,
M L A

Sir ERNEST BURDON, K C I E , C S I , I C S ,
Auditor-General

Mr T K RAJAGOPALAN, Accountant-General,
Central Revenues

Sir AUBREY METCALFE, K C I E , C S I ,
M V O , Foreign Secretary

Mr V NARAHARI RAO, Additional Deputy
Secretary, Foreign and Political Depart-
ment

Mr G K S SARMA, Under Secretary,
Foreign and Political Department

Rai Bahadur CHUNI LAL, Finance Secretary,
North-West Frontier Province

Mr SUKH DAYAL, Financial Assistant,
Baluchistan

Members

*Were also
present*

Witnesses

25 The Committee took up the examination of the appropriation accounts and connected documents relating to the Foreign and Political Department

26 The Committee first discussed the position of the unauthorised excluded funds in the North-West Frontier Province touched on in para-
graph 16 of their report last year Sir Aubrey Metcalfe explained that they had received certain proposals as regards these funds but they were not ripe yet for final orders As regards the Khassadar funds, the Committee regretted the delay that had occurred in giving effect to their recommendation and desired that orders should be issued immediately to close these irregular funds within two months The Auditor-General

added that the funds should be closed under proper audit. The Committee noted with satisfaction that the Motor Lorry Depreciation Funds had been closed. As regards the other irregular excluded funds they desired that their closing down should be completed within three months.

27 *Item 10 in the Quarterly Statement* The Committee were told that the question of the incidence of the Persian Gulf expenditure had already been considered by the Foreign and Political Department but that there was little hope of any change producing a saving to India. The matter was, however, receiving the consideration of the Finance Department.

28 *Grant No 79 Baluchistan* The Committee commented adversely on the fact that an unnecessary supplementary grant had been obtained.

29 *Grant No 85-A Aden* As regards the change of classification from voted to non-voted of the police expenditure in Aden, the Committee desired that in future where changes in the classification were introduced during the course of the year a full explanation should be given.

30 The Committee discussed at length the non-voted appropriations under 'Political' and under 'Frontier Watch and Ward' and other Grants with which the Foreign and Political Department was concerned.

The Committee adjourned till 2.45 P.M.

Proceedings of the thirteenth meeting of the Public Accounts Committee
held on Tuesday, the 28th July 1936, at 2-45 P M

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman.

Mr B DAS, M L A

Mr S SATYAMURTI, M L A

Professor N G RANGA, M L A

Dr THIN MAUNG, M L A

Mr J RAMSAY SCOTT, M L A

Maulvi Sir MOHAMMAD YAKUB, Kt , M L A

Captain SHER MOHAMMAD KHAN, C I E ,
M B E , M L A

Bhai PARMA NAND, M L A

Dr R D DALAT, C I E , M L A

Rai Bahadur Sir SATYACHARAN MUKHURJEE,
Kt , C B E , M L A

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA,
M L A

Sir ERNEST BURDON, K C I E , C S I , I C S ,
Auditor-General

Mr T K RAJAGOPALAN, Accountant-General,
Central Revenues

Mr H Dow, C I E , I C S , Additional
Secretary, Commerce Department

Mr M SLADE, I C S , Joint Secretary,
Commerce Department

Mr J A THORNE, C I E , I C S , Joint
Secretary, Home Department

Mr A S HANDS, C I E , M C , I C S , Deputy
Secretary, Home Department

Members

*Were also
present*

Witnesses.

31 The Committee took up for consideration the appropriation accounts and other connected documents with which the Commerce and the Home Departments were concerned

32 Grants Nos 38, 46, 47, 64 and 68 with their connected documents were considered As in other cases the Committee commented adversely on the inaccurate estimates As regards the excess expenditure noticed under Lighthouses and Lightships it was explained to the Committee that the present procedure was to transfer at the end of the year the excess of receipts over expenditure to the reserve fund by a vote Thus in any particular year if there was an unexpected high level of light dues there would be an excess. This appeared to the Committee to be an odd procedure and they desired that the question should be re-examined

33 *Vizagapatam Harbour* The Committee discussed at some length the position of Vizagapatam Harbour. It was explained that the Harbour was not in a position to balance its accounts even though interest on capital outlay was not being charged. In fact grants-in-aid had been required of Rs 50,000 in 1935-36 and Rs 2½ lakhs in the current year. The Committee were given to understand that the Auditor-General was going to visit Vizagapatam shortly to put in order the accounting arrangements. His proposal was that though Vizagapatam was not actually a port trust he would in view of the Vizagapatam Port Act of 1931 treat it to a certain extent as a separate fund. There would be a combined accounts and audit officer in charge, working not under the Director of Railway Audit as at present but under the Accountant-General, Madras, who will have the accounts audited in the same way as he audits the accounts of the Madras Port Trust or a municipality. The Commerce Department undertook to take up the question after receipt of the Auditor-General's proposals.

34 The Committee then took up the examination of the appropriation accounts relating to the Home Department. The variations in the budget estimates in Grant No 82-Andaman and Nicobar Islands were commented on adversely. The Committee were informed by the Auditor General that the Government of India had recently sent an Assistant Account Officer to act as Financial Adviser to the Chief Commissioner and he hoped to see better results in future. The commercial accounts of the Andamans administration were next examined. The Committee expressed their satisfaction on the working of the Commissariat Department.

The Committee adjourned till 11 A.M. on Wednesday, the 29th July 1936.

Proceedings of the fourteenth meeting of the Public Accounts Committee
held on Wednesday, the 29th July 1936, at 11 A.M.

PRESIDENT.

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman.

Mr B DAS, M L A

Mr S SATYAMURTI, M L A

Professor N G RANGA, M L A

Dr THEIN MAUNG, M L A

Mr J RAMSAY SCOTT, M L A

Maulvi Sir MOHAMMAD YAKUB, Kt , M L A

Captain SHER MOHAMMAD KHAN, C I E ,
M B E , M L A } Members

Bhai PARMA NAND, M L A

Dr R D DALAT, C I E , M L A

Rai Bahadur Sir SATYACHARAN MUKHJEE,
Kt , C B E , M L A

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA,
M L A }

Sir ERNEST BURDON, K C I E , C S I , I C S ,
Auditor-General }

Mr T K RAJAGOPALAN, Accountant-General,
Central Revnues }

Mr J A MACKEOWN, I C S , Deputy Secre-
tary, Industries and Labour Department }

Mr F T JONES, C I E , M V O , V D , Offg ,
Chief Engineer, Central Public Works
Department }

Were also
present

Witnesses.

35 The Committee resumed the consideration of the unfinished grants with which the Department of Industries and Labour was concerned

36 The Committee discussed at great length the rules governing works expenditure and the financial powers enjoyed by the various authorities. The Committee commented adversely on the wide departures from the original programme of the civil works grant. They thought that the demand should be precisely stated and in the actual expenditure there should be a reasonable conformity with the demand. They felt that as regards the schemes sanctioned by the Road Committee it was worth while considering a change of procedure whereby a complete programme could be settled at the beginning of a year instead of having it in two instalments as at present. They were also doubtful of the manner in which the reserve in the Civil Works grant was being used. They desired that it should be limited only to throwforwards of expenditure on uncompleted projects of the previous year and for genuinely unforeseen minor works

The Auditor-General explained the position. The Committee endorsed the observations contained in one of their earlier reports that budget provision should be restricted to the actual expenditure reasonably expected to be incurred in the course of a year. The manner in which the expenditure from the Road Fund account was exhibited at present seemed somewhat confusing, and the Auditor-General informed the Committee that he himself was considering whether any change was desirable.

37 Grant No 97 New Delhi Capital Outlay The Committee next considered Grant No 97. With reference to the important comments made by the Accountant-General, Central Revenues, Mr Mackeown told the Committee that the Audit officer's comments were carefully considered by a departmental meeting where the Auditor-General and the Accountant-General, Central Revenues, were present. It was admitted that the irregularities were due to undue haste in pushing on with the works. On the Auditor-General's assurance that the procedure adopted did not result in any financial loss to the tax-payer though it undoubtedly exposed Government to a risk of loss, the matter was not further pursued. The Committee were told that steps had been taken to obviate the recurrence of such an irregular procedure in future.

The Committee adjourned till 2.45 P.M.

Proceedings of the fifteenth meeting of the Public Accounts Committee held on Wednesday, the 29th July 1936, at 2-30 P.M.

PRESENT .

The Hon'ble Sir JAMES GRIGG, K C B¹, K C S I, Finance Member,
Chairman

Mr B DAS, M L A

Mr S SATYAMURTI, M L A

Professor N G RANGA, M L A

Dr THEFIN MAUNG, M L A

Mr J RAMSAY SCOTT, M L A

Maulvi SU MOHAMMAD YAKUB, Kt, M L A

Captain SHFR MOHAMMAD KHAN C I E ,
M B E , M L A

Bhai PARMA NAND, M L A

Dr R D DALAT, C I E , M L A

Rai Bahadur Sir SATYACHARAN MUKHERJEE,
Kt, C B E , M L A

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA,
M L A

Sir ERNEST BURDON, K C I E , C S I , I C S ,
Auditor-General

Mr T K RAJAGOPALAN, Accountant-General,
Central Revenues

Mr A H LLOYD, C S I , C I E , I C S ,
Member, Central Board of Revenue

Mr W W NIND, C I E , Member, Central
Board of Revenue

Members

*Were also
present*

Witnesses

38 The Committee took up the examination of the appropriation accounts and connected documents relating to the Central Board of Revenue

39 *Grant No 16 Customs* The Committee were informed that the revised system of audit of the customs revenue mentioned in the reports of the earlier years has been made permanent

The Committee adjourned till 11 A M on Thursday, the 30th July 1936

Proceedings of the sixteenth meeting of the Public Accounts Committee
held on Thursday, the 30th July 1936, at 11 A.M.

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman.

Mr B DAS, M L A	Members
Mr S SATYAMURTI, M L A	
Professor N G RANGA, M L A	
Dr THEIN MAUNG, M L A	
Mr J RAMSAY SCOTT, M L A	
Maulvi Sir MOHAMMAD YAKUB, Kt , M L A	
Captain SHER MOHAMMAD KHAN, C I E , M B E , M L A	
Bhai PARMA NAND, M L A	
Dr R D DALAI, C I E , M L A	
Rai Bahadur Sir SATYACHARAN MUKHERJI L Kt , C B E , M L A	
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA, M L A	
Sir ERNEST BURDON, K C I E , C S I , I C S , Auditor-General	Were also present.
Mr B NEHRU, Accountant-General, Posts and Telegraphs	
Mr GHULAM MOHAMMED, Finance Officer, Posts and Telegraphs	
Mr G V BEWOOR, C I E , I C S , Director- General, Posts and Telegraphs	Witnesses.
Mr R S PURSELL, C I E , O B E , Chief Engineer, Posts and Telegraphs	
Mr P N RAJAGOPALA, Deputy Director- General, (Finance), Posts and Telegraphs	

40 The Committee took up the examination of the appropriation accounts and connected documents relating to the Posts and Telegraphs Department

41 They referred to the observation in paragraph 17 of their last year's report regarding the ability of the department to produce a balanced budget in the near future and desired to know what the present position was. The Director-General, Posts and Telegraphs, explained that the actuals for 1934-35 disclosed a profit of nearly Rs 38 lakhs while the latest actuals for 1935-36 pointed to a loss of Rs 3 lakhs which he hoped would disappear in the final actuals thus producing a balance. The restoration of the emergency deduction from pay costing over Rs 26

lakhs and the provision for normal increments to staff costing about Rs. 15 lakhs were responsible for the increased expenditure in 1935-36. The estimates for 1936-37 provided for Rs 11,74 lakhs receipts and an expenditure of Rs 11,73 lakhs. The Director-General further informed the Committee that with effect from the 1st of April 1936 a Renewals and Replacements Fund was substituted for the depreciation fund, the annual contribution to which was fixed at Rs 25 lakhs for a period of 5 years whereafter the position would be re-examined. This change was calculated to result in a saving of a little over Rs 23 lakhs to the contribution to the fund as compared with the previous year. The Committee questioned the propriety of charging revenue with an amount in excess of the actual requirements for renewals and replacements during a year. It was explained to them that it would be imprudent to charge only the cost of current renewals to the budget without providing for full charges, as the essential feature of the fund was that it should be a reserve fund to meet the growth in renewals. The Committee wished to know the result of the operation of the new scales of pay. The Director-General informed the Committee that the wages bill had not gone up appreciably since 1933-34. Seeing that the annual increments cost about Rs 15 lakhs, the stationary character of the pay charges reflected the savings accruing from the revised scales of pay and conversion of higher into lower posts and abolition of certain posts. It was hoped that at the end of 30 years, if the rates of pay remained the same without further revision, the saving would approximate Rs 14 crores. The Committee then discussed the feasibility of levelling the scales of pay on the postal and telegraph branches of the department. The Director-General explained that due to technical skill the operatives on the telegraph side had to be paid a little more than on the postal side. The attention of the Director-General was drawn to the comment in the appropriation report regarding the free use by the department of telegraph and telephone services. The Committee were assured that such free service telegrams were restricted to the actual service requirements of the department. The Committee appreciated that charging the department for services rendered would have no financial effect but they stressed the imperative need of restricting such service telegrams to the absolute minimum. The Accountant-General, Posts and Telegraphs, stated that he drew the attention of the Committee to this point in order to give the Committee an opportunity of discussing the matter. He was himself satisfied with the explanation given by the Director General Posts and Telegraphs.

42 The Committee next discussed the reaction on traffic of decrease or increase of rates. It was explained that the reduction of rates though it may lead to increased traffic would not necessarily result in increased revenue unless such traffic increased to a percentage considerably higher than the reduction in the rates. Thus if the price of the post card is reduced to half an anna it was expected that the increase in traffic would be about 10 per cent while the net loss in revenue would amount to nearly Rs 50 lakhs.

43 *Paragraph 4 of the Auditor-General's letter*. The Director-General explained that the lack of effective control over expenditure in the past was due to a lack of machinery to provide the controlling authorities with the latest figures of actual expenditure incurred. The highly centralised system of stores accounting which was in vogue militated

against accurate estimating, while the complicated rules of allocation, the system of payment of freight by credit notes and various other smaller incidental complications rendered control very difficult and ineffective. The Committee were told that the whole procedure was being revised by decentralising work as much as possible and by the addition of trained accountants to assist the heads of Circles in budgeting and controlling. The revised procedure would be brought into force after obtaining the Auditor-General's approval probably as from the 1st April 1937.

The Committee adjourned till 3 P.M.

Proceedings of the seventeenth meeting of the Public Accounts Committee
held on Thursday, the 30th July 1936, at 3 PM

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman

Mr E DAS, M L A ,

Mr S SATYAMURTI, M L A

Professor N G RANGA, M L A

Dr THEIN MAUNG, M L A

Mr J RAMSAY SCOTT, M L A

Maulvi Sir MOHAMMAD YAKUB, K T , M L A

Captain SHER MOHAMMAD KHAN, C I E ..
M B E , M L A

Bhai PARMA NAND, M L A

Di R D DALAL, C I E , M L A

Rai Bahadur Sir SATYACHARAN MUKHERJEE,
K T , C B E , M L A

Khan Bahadur Shaikh FAZL-I-HAQ PIRAZI
M L A

Sir ERNEST BURDON, K C I E , C S I , I C S
Auditor-General

Mr T K RAJAGOPALAN, Accountant General,
Central Revenues

Mr J C NIXON, C S I , C I E , I C S , Secre-
tary, Finance Department

Members

Were also
present

Witness

44 The Committee resumed the examination of the remaining appro-
priation accounts and connected papers with which the Finance Depart-
ment was concerned

45 In an earlier meeting the Committee had desired the Finance Secre-
tary to look into the circumstances concerning the variations commented
on in paragraph 61 of the Accountant-General, Central Revenue's appro-
priation report dealing with the control over expenditure. The Finance
Secretary gave a detailed explanation and satisfied the Committee that
there was no real deterioration in the year under review as compared with
previous years

46 As regards the disciplinary action taken on the officer of the
Currency Department in respect of the irregularity noticed in paragraph
6 of the Important Comments of the Accountant-General, Central
Revenues, under Grant No 71 Currency, the Chairman told the Com-
mittee that on reconsideration Government felt that the senior officer con-
cerned had been left off rather lightly but that instructions would be given
to prevent a recurrence of over-lenient treatment

47 The Committee desired that the Government of India should consider the whole policy of giving house-building, motor car and other advances to Government servants

The Committee adjourned till 11 A.M. on Friday, the 31st July 1936

Proceedings of the eighteenth meeting of the Public Accounts Committee held on Friday, the 31st July 1936, at 11 A.M.

PRESENT

The Hon'ble Sir JAMES GRIGG, K C B , K C S I , Finance Member,
Chairman.

Mr B DAS, M L A

Mr S SATYAMURTI, M L A

Professor N G RANGA, M L A

Dr THEIN MAUNG, M L A

J RANSAY SCOTT, M L A

Manlvi Sir MOHAMMAD YAKUB, Kt M L

Captain SHER MOHAMMAD KHAN, C I E ,
M B E , M L A

Bhai P RMA NAND M L A ,

Dr R D DALAL C I E , M L A .

Rai Bahadur Sir SATYACHARAN MUKHJEE,
Kt , C B E M L A

Khan Bahadur Shaikh FAZL-I-HAQ PIRI II
M L A

Sir ERNEST BURDON, K C I E , C S I , I C S .
Auditor-General

Mr B NEHRU, Accountant-General Posts and
Telegraphs

Mr GHULAM MOHAMMED, Finance Officer,
Posts and Telegraphs

Mr G V BEWOOR, C I E I C S Director-
General, Posts and Telegraphs

Mr R S PURSELL, C I E O B E , Chief
Engineer, Posts and Telegraphs

Mr P N RAJAGOPALA, Deputy Director-
General (Finance), Posts and Telegraphs

Members.

Were also
present

Witnesses.

48 The Committee resumed the consideration of the appropriation accounts of the Posts and Telegraphs Department

49 The Committee examined in detail Grant No 23 The Committee asked why a lump sum was given for temporary establishment in the audit charges The Auditor-General explained that in the Posts and Telegraphs Audit Department there was considerable statistical work When there was an increase in the accounts in Savings Bank more men were employed according to a scale worked out on the basis of many years experience Similarly when Savings Bank Accounts and Money Order transactions went down the establishment was reduced There was a quarterly review of the position, and with reference to the work at the time the establishment was adjusted upwards or downwards according to

the requirements. This was found to be more satisfactory than the keeping of too few or of too many at a time. The variations occasioned by the system of stores accounting again formed the subject of some lengthy discussion, and it was hoped that with the new measures already initiated or proposed there would be an appreciable improvement in the position. In the course of the discussion it emerged that a certain amount of building work for the Posts and Telegraphs Department was being done by Provincial Public Works Departments. The Committee desired Government to look into the general question whether in point of fact the Government of India used the Provincial Public Works Department excessively not only for the Posts and Telegraphs Department but for other departments as well and whether it would not be advisable to use the Central Public Works Department more freely. The Committee desired to know the sources of leakage of revenue and what steps the Posts and Telegraphs Department were taking to stop them. The Director-General explained at great length the steps taken to prevent the sending of heavier letters without proper postage, detection of parcels containing more than one communication, piracy by buses, etc.

50 The Committee noticed the large saving under XV Posts and Telegraphs Deduct working expenses in respect of stationery and printing. While accepting the explanation of the department that the throwing forward of the expenditure to next year was conducive to economy, they desired to know why there was lack of co-ordination between the Postal and Printing Departments in effecting corresponding adjustments. They recommended that the question should be investigated.

51 The Committee placed on record their thanks to the Auditor-General for his help and guidance.

The Committee then adjourned

V. APPENDICES.

APPENDIX I.

Statement showing action taken or proposed to be taken on recommendations, etc., so far made by the Central Public Accounts Committee which have not been finally disposed of.

PART I. Civil, Military and Posts and Telegraphs.

[Quarter ending July 1936.]

Statement showing action taken or proposed to be taken on recommendations, etc., disposed

PART I Civil, Military and

Serial No.	Year of Report	Paragraph of Report or Proceedings	Recommendations or suggestions
<i>Civil (Auditor General)</i>			
1	1933-34	12 R	That progressive accounts of expenditure from funds like those for the reconstruction of Earthquake damage in Bihar, the development of Civil Aviation, Broadcasting, etc., should be included in the future Appropriation Accounts
<i>Civil (Finance)</i>			
2	1933-34	11 R	That the Finance Department should consider whether, when they go for a Supplementary Grant to the Assembly for a portion of the amount required for a scheme as a whole, the balance being met by re-appropriation from savings elsewhere, the particular sub heads under which the savings are available should not, in the case of large savings at least, be shown in the supplementary demands presented to the Assembly
3	1933-34	13 P	That instructions should be issued to the Mint Masters that the verification of stores should be done every year
4	1933-34	13 P	That the question of writing down the value of obsolete stores in the Mints should be considered
<i>Civil (Central Board of Revenue)</i>			
5	1933-34	13	That the revised system of concurrent audit of Customs Revenue which was introduced on a temporary basis 3 years ago should be made permanent
<i>Civil (Education, Health and Lands)</i>			
6	1933-34	31 P	That the Government of India should consider whether, as suggested by the Auditor General, the standard of audit of the accounts of the New Delhi Municipality should be higher than that applicable to other municipalities
7	1933-34	15 R	That in view of the large drop in the receipts from the Army Department drastic reductions should be made in the Mathematical Instrument Office, Calcutta, and if it is found that the office is not even then able to pay its way the question of closing it down should be taken up
8	1933-34	19 P	That a report should be made to the Committee next year on the question of new rules proposed for the accounting of works expenditure in the Archaeological Department
9	1933-34	20 P	That necessary instructions should be issued to the Director of the Agricultural Research Institute, Pusa, that valued stores accounts should be maintained

so far made by the Central Public Accounts Committee which have not been finally of

Posts and Telegraphs

Action taken or proposed to be taken.

The recommendation has been noted for necessary action

Necessary instructions have been issued to the Departments of the Government of India and other authorities concerned

The action recommended by the Committee has been taken

There are no obsolete stores at the Calcutta Mint, and those at the Bombay Mint are being consumed It is, therefore, not necessary to write down their value

This has been done

The matter is under consideration in the Finance Department

The matter is under consideration

A draft of rules has been prepared and is under consideration

Instructions have been issued to the Director

Statement showing action taken or proposed to be taken on recommendations, etc., disposed

PART I Civil, Military and

Serial No	Year of Report	Paragraph of Report or Proceedings	Recommendations or suggestions
<i>Civil (Foreign and Political)</i>			
10	1929-30	114 P	That the question of incidence of expenditure on the Persian Legation should be considered in connection with the constitutional changes
11	1932-33	14 R	That certain unauthorised excluded funds in the North-West Frontier Province should be abolished immediately and that a list of all excluded funds maintained in the Province should be obtained as quickly as possible and an examination should be made to see whether all, or any of them, should not be abolished
1933-34	16 R		
<i>Civil (Industries and Labour)</i>			
12	1926-27	25 R	That the Government of India should consider the question of allocation of Ecclesiastical expenditure between Civil and Defence Departments
1928-29	91 P		
1929-30	118 P		
1933-34	36 P		
13	1932-33	31 P	That in view of the large drop in the value of stores purchased from the Indian Stores Department, London, the question of amalgamating it with the Indian Stores Department should be considered
1933-34	14 R		
14	1933-34	35 P	That special steps should be taken to have an actual verification of stock of the Central Publication Branch, Delhi, and to open new registers with the actual stock-in-hand
<i>Military</i>			
15	1930-31	1 R Military	The revision of the Army Regulations should be completed as soon as possible
1931-32	3 R Accounts		
1932-33	2 P Committee		
1933-34	4 R tee		
16	1932-33	33 P Military	That a report be made to the Committee after two years as to the success or otherwise of the scheme under which trained Public Works Department accountants are taken for the Military Engineer Services
1933-34	11 P Accounts Committee		
17	1933-34	12 P Military	That in the memorandum of the Financial Adviser regarding stores transactions, figures for the amount of stores purchased in India and outside India should be given separately
Accounts Committee			
18	1933-34	17 P Military	That an investigation should be conducted to see whether there was any defect in the system of accounts which facilitated frauds in the hospital
Accounts Committee			

*so far made by the Central Public Accounts Committee which have not been finally
of contd*

Posts and Telegraphs *contd*

Action taken or proposed to be taken

The matter is under consideration

The North-West Frontier Province Government have forwarded a list of the funds in question, and detailed proposals in some cases which are under consideration. In others, their proposals which are being formulated in consultation with local authorities are awaited.

The Government of India have appointed an inter-departmental Committee for the purpose of framing, after a review of the ecclesiastical expenditure, an estimate of the extent to which that expenditure is attributable to the needs of the civil, the defence and the railway services respectively.

The Government of India have deputed Sir James Pitkeathly, Chief Controller of Stores, Indian Stores Department, to make a detailed examination of the London Stores Department and to submit a scheme for the amalgamation of the two Departments.

A special temporary staff has been employed for a period of six months from February 1936, for the purpose of weeding of surplus publications and for the actual verification of stock.

The further progress will be reported to the Committee when it meets next.

Noted

The recommendation has been given effect to in the Appropriation Accounts, 1934-35.

At the time the irregularity in question occurred there was no arrangement for the audit of diet sheets in hospitals or for the comparison of the figures of consumption of expendable stores for consecutive years. Instructions have since been issued prescribing a percentage check of diet sheets by the Local Audit Staff and a comparison of the figures of consumption of stores of all units and formations.

Statement showing action taken or proposed to be taken on recommendations, etc., disposed

PART I Civil, Military and

Serial No	Year of Report.	Paragraph of Report or Proceedings	Recommendations or suggestions
19	1933-34	21 P Military Accounts Committee	That instructions should be issued to the effect that departmental enquiries in the case of frauds should not be delayed pending decision of criminal cases
20	1933-34	54 P	<i>Posts and Telegraphs.</i> That instead of a Depreciation Reserve Fund calculated on pseudo-scientific basis, the department should constitute a Renewals and Replacement Reserve Fund on the basis of what is actually required year after year to cover renewals and replacements with a small margin, the contribution to such fund being subject to periodical review
21	1933-34	57 P	That the Stores and Workshops Suspense Accounts should be shown separately in future Appropriation Accounts

so far made by the Central Public Accounts Committee which have not been finally of concl'd.

Posts and Telegraphs *concl'd*

Action taken or proposed to be taken

The Government of India after careful consideration, have decided that no action is necessary on the suggestion, which appears to be based on a misapprehension. It is the invariable practice in the Army to complete the proceedings of a court of enquiry, regardless of proceedings in a civil court, and court martial proceedings do not take place until the court of enquiry has been finished. It may sometimes happen that administrative orders on the proceedings of a court of enquiry (so far as they affect persons who are not put up for trial as a result of the enquiry) have to be postponed pending the result of a trial, but that is a matter with regard to which full discretion must naturally rest with the authority who is competent to pass such orders.

The recommendations of the Committee have been mainly accepted and are being given effect to from the current financial year.

The action recommended by the Committee has been taken in the Appropriation Accounts for 1934-35

APPENDIX II

Statement comparing expenditure with grants for 1934-35.

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
PART I—CIVIL				
A—EXPENDITURE CHARGED TO REVENUE				
16 Customs	Voted <i>Non-voted</i>	75,36,000 34,48,000	74,87,363 34,37,244	48,637 10,756
17. Taxes on Income	Voted <i>Non-voted</i>	82,85,000 1,92,680	82,33,296 1,90,060	51,704 2,620
18. Salt	Voted <i>Non-voted</i>	71,35,000 44,70,487	70,60,631 44,64,266	74,369 6,221
19 Opium	Voted <i>Non-voted</i>	40,78,000 1,78,700	33,20,319 1,68,224	7,57,681 10,476
19-A—Excise	Voted <i>Non-voted</i>	4,68,000 2,17,000	4,70,350 2,09,348	7,652
20 Stamps	Voted <i>Non-voted</i>	17,01,000 44,900	17,07,987 44,168	732
21 Forest	Voted <i>Non-voted</i>	5,14,000 1,30,710	5,05,870 1,29,681	8,130 1,029
22 Irrigation, etc Charged to Revenue	Voted <i>Non-voted</i>	4,51,000 2,97,000	4,33,933 2,88,966	17,067 8,034
25 Interest on Ordinary Debt, etc	Voted <i>Non-voted</i>	23,92,000 2,48,08,000	24,62,542 2,56,07,026	70,542 7,99,026
26 Interest on Obligations	Miscellaneous <i>Non-voted</i>	62,47,000 10,01,07,650	63,78,097 9,80,63,033	1,31,097

Number and name of Grant or Appropriation	Final Grant or appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
PART I—CIVIL <i>contd</i>				
A—EXPENDITURE CHARGFD TO REVENUE— <i>contd</i>				
27 Staff, Household and Allowances of the Governor General				
Voted	4,31,000	4,30,319	681	
Non voted	10,89,206	10,50,788	38,418	
28 Executive Council				
Voted	73,000	82,955		9,955
Non voted	4,55,505	4,56,343		838
29 Council of State				
Voted	1,41,000	1,44,790		3,790
Non voted	7,000	6,257	743	
30 Legislative Assembly and Legislative Assembly Department				
Voted	7,68,000	7,69,114		1,114
Non-voted	86,400	78,919	7,481	
31 Foreign and Political Department				
Voted	8,01,000	7,92,685	8,315	
Non voted	2,36,750	2,32,718	4,032	
32 Home Department				
Voted	5,84,000	5,88,798		4,798
Non voted	9,68,918	9,66,484	2,434	
33 Public Service Commission				
Voted	1,62,000	1,61,218	782	
Non voted	1,99,160	1,97,170	1,990	
34 Legislative Department				
Voted	3,06,000	3,03,686	2,314	
Non-voted	1,60,100	1,59,600	500	
35. Department of Education, Health and Lands				
Voted	5,77,000	5,67,151	9,849	
Non-voted	1,37,600	1,37,168	432	
36 Finance Department				
Voted	9,38,000	9,33,459	4,541	
Non voted	3,14,479	3,15,816		1,337
38 Commerce Department				
Voted	3,65,000	3,64,201	799	
Non-voted	1,12,610	1,12,445	165	

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
PART I—CIVIL—contd				
A—EXPENDITURE CHARGED TO REVENUE—contd				
39 Army Department				
Voted	4,17,000	3,93,493	23,507	
Non-voted	95,340	95,038	302	
40 Department of Industries and Labour				
Voted	4,77,000	4,55,679	21,321	
Non-voted	1,20,120	1,20,300		180
41 Central Board of Revenue				
Voted	1,95,000	1,94,149	851	
Non-voted	1,12,200	1,09,936	2,264	
42 Payments to Provincial Governments, etc				
Voted	1,50,000	1,51,583		1,583
Non-voted	63,400	63,495		95
43 Audit				
Voted	90,89,000	90,17,776	71,224	
Non-voted	7,93,000	7,99,674		6,674
44 Administration of Justice				
Voted	53,000	53,250		250
45 Police				
Voted	1,90,000	1,83,983	6,017	
Non-voted	93,000	81,116	11,884	
46 Ports and Pilotage				
Voted	11,42,000	11,25,798	16,202	
Non-voted	8,54,858	8,47,635	7,223	
47 Lighthouses and Lightships				
Voted	9,13,000	9,56,460		43,460
Non-voted	20,216	20,216		
48 Survey of India				
Voted	19,18,000	18,31,831	86,169	
Non-voted	5,25,000	5,14,349	10,651	
49 Meteorology				
Voted	19,29,000	19,16,445	12,555	
Non-voted	87,000	80,869	6,131	
50 Geological Survey				
Voted	1,91,000	1,91,247		247
Non voted	2,16,500	2,16,872		372
51 Botanical Survey				
Voted	1,47,000	1,30,019	16,981	
Non-voted	32,828	34,174	.	1,346

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
ART I—CIVIL contd				
A.—EXPENDITURE CHARGED TO REVNUe—contd				
52 Zoological Survey	Voted Non-voted	87,000 44,000	84,739 43,998	2,261 2
53. Archaeology	Voted Non-voted	9,48,000 1,03,617	9,58,837 1,01,269	2,318
54 Mines	Voted Non-voted	1,20,000 1,08,106	1,12,106 1,09,196	7,894
55 Other Scientific Departments	Voted	2,50,000	2,49,802	198
56 Education	Voted Non-voted	5,86,000 30,819	5,83,418 29,659	2,552 1,160
57 Medical Services	Voted Non-voted	6,22,000 2,10,052	6,09,300 2,10,865	12,700
58 Public Health	Voted Non-voted	6,84,000 1,35,800	7,09,320 1,36,975	25,329 1,175
59. Agriculture	Voted Non-voted	10,77,000 1,07,738	10,17,267 1,06,949	59,733 789
60 Imperial Council of Agricultural Research Department	Voted Non-voted	9,44,000 75,758	9,35,109 74,693	8,891 1,065
60-A Scheme for the Improvement of Agricultural Marketing in India	Voted	57,000	54,009	2,991
61. Civil Veterinary Services	Voted Non-voted	6,79,000 59,900	6,55,645 59,696	23,355 204

Number and name of Grant or Appropriation	Final Grant or Appropriation.	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted.
	Rs	Rs	Rs	Rs
PART I—CIVIL contd				
A—EXPENDITURE CHARGED TO REVENUE contd				
62 Industries	Voted <i>Non voted</i>	3,33,000 1,900	3,30,564 1,799	2,436 101
63 Aviation	Voted <i>Non-voted</i>	13,90,000 3,000	13,90,561 2,534	466
63-A Transfer to the Fund for the Development of Civil Aviation	Voted	92,57,000	92,57,000	
63-B Expenditure on the Development of Civil Aviation met from the Fund	Voted <i>Non-voted</i>			
64 Commercial Intelligence and Statistics	Voted <i>Non-voted</i>	5,02,000 64,106	4,77,290 63,773	24,710 333
65 Census	Voted <i>Non-voted</i>	3,000 1,000	3,130 304	696
66 Emigration—Internal	Voted <i>Non-voted</i>	25,000 2,550	17,724 2,490	7,276 60
67 Emigration—External	Voted <i>Non-voted</i>	1,84,000 50,541	1,91,390 49,203	1,338
68 Joint Stock Companies	Voted <i>Non voted</i>	1,15,000 25,275	1,08,728 22,596	6,272 2,679
69 Miscellaneous Departments	Voted <i>Non-voted</i>	6,65,000 43,582	6,18,132 41,509	46,868 2,073
69-A. Transfer to the Fund for the Development of Broadcasting	Voted	20,00,000	20,00,000	

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
PART I—CIVIL contd				
A—EXPENDITURE CHARGED TO REVENUE—contd				
70 Indian Stores Department				
Voted	6,16,000	5,95,430	20,570	
Non-voted	1,02,000	1,02,030		30
71 Currency				
Voted	53,51,000	51,56,965	1,94,035	
Non voted	1,19,900	1,18,899	1,001	
72 Mint				
Voted	19,43,000	19,63,408		20,408
Non voted	69,800	68,402	1,398	
73 Civil Works				
Voted	1,94,55,000	1,90,03,777	4,51,223	
Non-voted	12,72,300	12,29,469	42,831	—
73-A Transfer to the Road Development Fund Reserve				
Voted	40,00,000	40,00,000		
74 Superannuation Allowances and Pensions				
Voted	1,03,94,000	1,03,47,180	46,820	
Non-voted	2,09,13,000	2,08,11,313	1,31,657	
75 Stationery and Printing				
Voted	33,43,000	34,20,074		77,074
Non voted	71,000	70,989	11	
76 Miscellaneous				
Voted	6,38,000	6,29,927	8,073	
Non voted	26,67,479	26,81,751		14,272
76-A Expenditure on Retrenched personnel charged to Revenue				
Voted	2,19,000	2,19,632		632
Non-voted	1,10,200	1,09,518	682	
76-B Miscellaneous Adjustments between the Central and Provincial Governments				
Voted	2,14,14,000	1,97,48,343	16,65,657	
Non voted	1,01,30,000	1,01,29,777	223	

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted.
	Rs	Rs	Rs	Rs.
PART I —CIVIL—contd				
A —EXPENDITURE CHARGED TO REVENUE—contd				
76-D Transfer to Fund for Economic Development and Improvement of Rural Areas	Voted	1,13,00,000	2,81,60,409	1,68,60,409
77 Refunds	Voted	1,16,40,000	1,18,71,836	2,31,836
	Non-voted	2,91,24,998	2,93,47,017	2,22,019
79 Baluchistan	Voted	27,10,000	26,67,955	42,045
	Non-voted	42,77,375	42,67,762	9,613
80 Delhi	Voted	44,13,000	43,98,456	14,544
	Non-voted	2,56,030	2,53,203	2,827
81 Ajmer-Merwara	Voted	13,84,000	13,79,794	4,206
	Non-voted	1,36,370	1,37,034	664
82 Andaman and Nicobar Islands	Voted	29,07,000	27,01,275	2,05,725
	Non-voted	2,46,382	2,44,464	1,918
83 Rajputana	Voted	4,15,000	4,13,521	1,479
	Non-voted	7,52,710	7,51,063	1,647
84 Central India	Voted	3,41,000	3,28,092	12,908
	Non-voted	5,93,960	5,90,007	3,953
85 Hyderabad	Voted	45,000	45,614	614
	Non-voted	5,31,877	5,36,792	4,915
85-A. Aden	Voted	6,70,000	5,46,525	1,23,475
	Non-voted	3,38,057	3,39,118	1,061
86 Expenditure in England under the control of the Secretary of State	Voted	21,87,000	20,50,548	
	Non-voted	17,12,000	16,99,309	
			1,36,452	
			12,691	

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
PART I—CIVIL contd				
A—EXPENDITURE CHARGED TO REVENUE—concl'd				
87 Expenditure in England under the control of the High Commissioner				
Voted	24,80,000	22,93,858	1,86,142	
Non-voted	32,44,000	32,12,225	31,775	
Ecclesiastical	Non-voted	27,75,324	27,26,182	49,142
Political	Non-voted	1,31,56,246	1,31,24,167	32,079
Frontier Watch and Ward				
Non-voted	1,85,12,938	1,85,85,292		72,354
Territorial and Political Pensions	Political Pensions			
Non-voted	30,25,000	30,62,069		37,069
Bangalore	Non-voted	15,39,803	15,36,455	3,348
Western India States Agency				
	Non-voted	17,44,450	17,49,652	5,202
Total	Voted	18,91,57,000	20,21,07,206	45,61,187
	Non-voted	25,91,97,260	25,78,40,895	25,26,897
B—EXPENDITURE CHARGED TO CAPITAL				
88 Capital Outlay on Security Printing —				
Voted	1,000	—1,11,908	1,12,908	
89. Forest Capital Outlay				
Voted	1,000		1,000	
Non-voted				
90 Irrigation Works—not charged to Revenue				
Voted	1,000		1,000	

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
PART I CIVIL contd				
B —EXPENDITURE CHARGED TO CAPITAL <i>concl'd</i>				
92-A Capital Outlay on Schemes of Agricultural Improvement and Research				
Voted	7,00,000	78,422	6,21,578	
93 Capital Outlay on Currency Note Press				
Voted	1,000	50,619	51,619	
94 Capital Outlay on Vizagapatam Harbour				
Voted	18,43,000	14,69,462	3,73,538	
Non-voted	3,000	1,902	1,098	
95 Capital Outlay on Lighthouses and Lightships (Not charged to Revenue)				
Voted	1,000		1,000	
95 A Civil Works not charged to Revenue				
Voted		—1,76,613	1,76,613	
Non-voted		—699	699	
96 Commuted Value of Pensions				
Voted	29,11,000	31,73 724		2,62,731
Non-voted	25,41,600	27,64 067		2,22,467
96 A Expenditure on Retrenched personnel charged to Capital—				
Voted	1,000	—68,257	69,257	
Non-voted	—39,000	10,197	1,197	
97 Delhi Capital Outlay				
Voted	72,59,000	72,13,103	45,897	
Total	{ Voted Non-voted	1,27,19,000 25,05,600	1,15,27,314 27,25,073	14,54,410 2,994
				2,62,724 2,22,467

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs.	Rs	Rs
PART I—CIVIL—concl'd				
C—DISBURSEMENTS OF LOANS AND ADVANCES				
98 Interest Free Advances				
Voted	70,98,000	71,05,632	.	7,632
99 Loans and Advances bearing interest				
Voted	8,33,03,000	3,87,82,133	4,45,20,867	..
Total—Voted	9,04,01,000	4,58,87,765	4,45,20,867	7,632
Total—Civil	55,39,79,860	52,00,88,253	5,30,66,355	1,91,74,748
Voted	29,22,77,000	25,95,22,285	5,05,36,464	1,77,81,749
Non-voted	26,17,02,860	26,05,65,968	25,29,891	13,92,999
PART II—POSTS AND TELEGRAPHS				
A—EXPENDITURE CHARGED TO REVENUE				
23 Indian Posts and Telegraphs Department				
Voted	10,03,16,000	9,92,93,798	10,22,202	
Non-voted	96,93,000	96,73,026	19,974	
B—EXPENDITURE CHARGED TO CAPITAL				
91. Capital Outlay on Indian Posts and Telegraphs Department—(Not charged to Revenue)				
Voted	39,68,000	32,74,190	6,93,810	.
Non-voted	2,000	13,304		11,304
Total Posts and Telegraphs	11,39,79,000	11,22,54,318	17,35,986	11,304
Total	{ Voted Non-voted	10,42,84,000 96,95,000	10,25,67,988 96,86,330	17,16,012 19,974
				11,304

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure.	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
PART III.—RAILWAYS				
A.—EXPENDITURE CHARGED TO REVENUE				
1. Revenue Railway Board Voted Non-voted	8,45,000 3,73,000	8,13,960 3,70,359	31,040 2,641	
2 Revenue Audit Voted Non-voted	13,75,000 3,28,000	13,76,113 3,33,906		1,113 5,906
3 Revenue Miscellaneous Expenditure Voted Non-voted	10,60,000 12,51,000	9,62,651 12,78,456	97,349	27,456
4 Revenue Refunds Voted	12,00,000	12,38,914		38,914
5 Revenue—Payments to Indian States and Companies Voted	3,37,00,000	3,43,54,609		6,54,609
6-A Revenue—Working Expenses Maintenance of Structural Works Voted Non-voted	8,57,25,000 32,00,000	8,57,00,045 32,47,139	24,955	47,139
6-B Revenue Working Expenses—Maintenance and Supply of Locomotive Power Voted Non-voted	16,61,50,000 14,69,000	16,72,74,912 14,59,685	9,315	11,24,912
6-C Revenue—Working Expenses Maintenance of Carriage and Wagon Stock Voted Non-voted	5,81,75,000 8,15,000	5,89,92,265 8,07,338	7,662	8,17,265
6-D Revenue Working Expenses—Maintenance of Ferry Steamers and Harbours Voted Non-voted	31,35,000 24,000	31,14,872 27,208	20,128	3,208

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
PART III—RAILWAYS <i>contd</i>				
A—EXPENDITURE CHARGED TO REVENUE— <i>contd</i>				
6-E Revenue—Working Expenses—Expenses of Traffic Department	Voted Non-voted	10,43,60,000 16,56,000	10,46,45,458 16,40,531	15,469 2,85,458
6-F Revenue—Working Expenses—Expenses of General Departments	Voted Non-voted	4,58,50,000 24,73,000	4,50,55,357 24,48,310	7,94,613 24,690 ..
6-G. Revenue—Working Expenses Miscellaneous Expenses	Voted Non-voted	4,23,20,000 14,80,000	4,15,16,219 14,74,218	8,03,781 5,782 ..
6-H Revenue—Working Expenses Electric Service Department	Voted Non-voted	1,19,65,000 1,01,000	1,18,48,569 1,02,786	1,16,131 1,214 ..
7 Revenue—Appropriation to Depreciation Fund	Voted	13,73,00,000	13,71,76,961	1,23,039 ..
8 Revenue—Interest Charges	Voted Non-voted	2,83,000 31,81,41,000	2,80,149 31,77,25,621	2,851 4,15,379
9. Temporary withdrawals from Depreciation Fund	Voted	5,33,22,000	5,06,25,426	26,96,574
Total	{ Voted Non-voted	74,67,65,000 33,13,14,000	74,49,76,480 33,09,15,557	47,10,791 4,82,152 29,22,271 83,709
B—EXPENDITURE CHARGED TO CAPITAL				
11 Capital—New Constructions	Voted Non-voted	26,00,000 1,16,000	17,12,854 1,13,082	8,87,146 2,918
12 Open Line Works	Voted Non-voted	13,22,01,000 2,73,000	8,74,15,617 2,14,459	4,47,85,383 28,511 ..

Number and name of Grant or Appropriation	Final Grant or Appropriation	Expenditure	Expenditure as compared with Grant or Appropriation	
			Less than granted	More than granted
	Rs	Rs	Rs	Rs
PART III—RAILWAYS, concl'd				
B—EXPENDITURE CHARGED TO CAPITAL concl'd				
<i>Discharge of Debentures</i>				
<i>Non-voted</i>	39,93,000	39,86,158	6,842	
Total	{ Voted <i>Non-voted</i>	13,48,01,000 43,82,000	8,91,28,471 43,43,699	4,56,72,529 38,301
	<i>Total Railways</i>	1,21,72,62,000	1,16,93,64,207	5,09,03,773
	Voted <i>Non-voted</i>	88,15,66,000 33,56,96,000	83,41,04,951 33,52,59,256	5,03,83,320 5,20,453
PART IV—DEFENCE SER- VICES*				
A—EXPENDITURE CHARGED TO REVENUE				
<i>Defence Services—Effective— India—Non-voted</i>	34,20,89,000	34,23,92,000		3,03,000
<i>Defence Services—Effective— England—Non-voted</i>	6,11,18,000	6,04,44,000	6,74,000	
<i>Defence Services—Non-effic- tive—India—Non-voted</i>	3,66,25,000	3,65,63,000	62,000	
<i>Defence Services—Non-effective— England—Non-voted</i>	5,00,70,000	5,01,36,000		66,000
<i>Defence Reserve Fund—Non- voted</i>	50,26,000	68,93,000		18,67,000
<i>Total Defence Services—Non- voted</i>	49,49,28,000	49,64,28,069	7,36,000	22,36,000
Grand Total	2,38,01,48,860	2,29,81,34,778	10,64,42,114	2,44,28,032
Voted	1,27,81,27,000	1,19,61,95,224†	10,26,35,796	2,07,04,020
<i>Non-voted</i>	1,10,20,21,860	1,10,19,39,554†	38,06,318	37,24,012

*The figures are gross

† This amount is less than that given in Account No 12 of the Finance and Revenue Accounts of the Government of India for the year 1934-35 by Re 1 which is due to rounding

‡ This amount is greater than that given in Account No 12 of the Finance and Revenue Accounts of the Government of India for the year 1934-35 by Rs 21 which is due to rounding

APPENDIX III.

LETTER FROM SIR ERNEST BURDON, K C I E , C S I , I C S , AUDITOR GENERAL IN INDIA, TO THE SECRETARY TO THE GOVERNMENT OF INDIA, FINANCE DEPARTMENT, NO 118-REP /125/35, DATED THE 27TH MAY 1936

SUBJECT *Appropriation Accounts (Civil) 1934-35 and the Audit Report 1936*

In accordance with the provisions of rule 15(1) of the Auditor General's Rules framed under Section 96D(1) of the Government of India Act, I have the honour to transmit herewith two copies of the Appropriation Accounts of the Central Government (Civil) for the year 1934-35 and the Audit Report, 1936, together with two copies of the Commercial Appendix to these documents, prepared by the Accountant General, Central Revenues, for submission to the Public Accounts Committee and for necessary action by the Government of India

2 Two copies of the accounts of receipts and disbursements of the Secretary of State and the High Commissioner for India, on behalf of the Central Government, under the heads other than those relating to Military Services, for the year 1934-35, together with two copies of the relevant Appropriation Accounts, and the reports thereon, prepared by the Auditor of Indian Home Accounts, are also forwarded

3 I append as usual the following subsidiary statements

Statement A* giving particulars of all Central Voted Grants and Non-voted Appropriations for the year 1934-35, the expenditure incurred against them and variations between the two

Statement B showing the excesses over voted grants which require the vote of the Legislative Assembly

Statement C showing excesses over Non-voted Appropriations which require the sanction of the Government of India, Finance Department

4 The Appropriation Accounts and the Audit Report of the Accountant General, Central Revenues, together with the Appendix containing Commercial Accounts, have, as usual, been examined in detail under my instructions and I find them generally to be in order I have no supplementary comments of my own to add at this stage

5 In accordance with precedent I have added a "Key" statement (Statement D) in which I have brought together

(a) Firstly, a reference to each of the Appropriation Accounts of grants and appropriations for which each of the several departments of Government is responsible, and

*See Appendix II

(b) Secondly, linked with the references to the Appropriation Accounts of each grant, etc , enumerated as in (a) preceding, all points of importance arising out of each account which the Accountant General has brought to notice either in his general analysis or elsewhere

The purpose of the "Key" statement is to give practical assistance to the departments of Government and the members of the Public Accounts Committee in carrying out the examination of the accounts and the report which now devolves upon them

6 The last enclosure to this letter, Statement E, gives particulars of the overdrafts on current account taken by the provincial Governments at the expense of the Central Government during the year under report A comparison of the figures with the corresponding figures of 1933-34 indicates that some improvement has again been effected. The highest *net* overdraft was Rs. 160 lakhs in the month of December 1934. As on previous occasions the province most heavily and most continuously overdrawn was Burma, Bihar and Orissa follows closely after, and the Central Provinces, Bengal and Assam also had to incur considerable overdrafts for the purpose of financing their current account.

STATEMENT B (Paragraph 3)

(1934-35)

Statement showing the excesses over Voted Grants which require the vote of the Legislature

Item No	Name of Grant	Final Grant	Actual Expenditure	Excess
				requiring the vote of the Legislature
		Rs	Rs	Rs
1	19-A —Excise	4,68,000	4,70,350	2,350
2	20 —Stamps	17,01,000	17,07,987	6,987
3	25 —Interest on Ordinary Debt, etc	23,92,000	24,62,542	70,542
4	26 —Interest on Miscellaneous Obligations	62,47,000	63,78,097	1,31,097
5	28 —Executive Council	73,000	82,955	9,955
6	29 —Council of State	1,41,000	1,44,790	3,790
7	30 —Legislative Assembly and Legislative Assembly Department	7,68,000	7,69,114	1,114
8	32 —Home Department	5,84,000	5,88,798	4,798
9	42 —Payments to Provincial Governments, etc	1,50,000	1,51,583	1,583
10	44 —Administration of Justice	53,000	53,250	250
11	47 —Lighthouses and Lightships	9,13,000	9,56,460	43,460
12	50 —Geological Survey	1,91,000	1,91,247	247
13	53 —Archaeology	9,48,000	9,58,837	10,837
14	58 —Public Health	6,84,000	7,09,329	25,329
15	63 —Aviation	13,90,000	13,90,561	561
16	65 —Census	3,000	3,130	130
17	67 —Emigration—External	1,84,000	1,91,390	7,390
18	72 —Mint	19,43,000	19,63,408	24,408
19	75 —Stationery and Printing	33,43,000	34,20,074	77,074
20	76 A —Expenditure on Retrenched personnel charged to Revenue	2,19,000	2,19,632	632
21	76-D —Transfer to the Fund for Economic Developments and Improvements of Rural Areas	1,13,00,000	2,81,60,409	1,68,60,409
22	77 —Refunds	1,61,40,000	1,18,71,836	2,31,936
23	85 —Hyderabad	45,000	45,614	614
24	96 Commuted Value of Pensions	29,11,000	31,73,724	2,62,724
25	98 —Interest Free Advances	70,98,000	71,05,632	7,632
26	2 —Revenue—Audit	13,75,000	13,76,113	1,113
27	4 —Revenue—Refunds	12,00,000	12,38,914	38,914
28	5 —Revenue Payments to Indian States and Companies	3,37,00,000	3,43,54,609	6,54,609
29	6-B —Revenue Working Expenses—Maintenance and Supply of Locomotive Power	16,61,50,000	16,72,74,912	11,24,912
30	6 C —Revenue—Working Expenses—Maintenance of Carriage and Wagon Stock	5,81,75,000	5,89,92,265	8,17 265
31	6-E —Revenue—Working Expenses—Expenses of Traffic Department	10,43,60,000	10,46,45,458	2,58,458

STATEMENT C (Paragraph 3).

(1934-35)

Statement showing excesses over Non-voted Appropriations which require the sanction of the Government of India, Finance Department

Item No	Name of Appropriation	Final Appropriation	Actual Expenditure	Excess requiring the Sanction to the Government of India
				Rs
1 25	—Interest on Ordinary Debt, etc	248,08,000	2,56,07,028	7,99,026
2 28	—Executive Council . . .	4,55,505	4,56,313	838
3 36	—Finance Department	3,14,179	3,15,816	1,337
4 40	—Department of Industries and Labour .	1,20,120	1,20,300	180
5 42	—Payments to Provincial Government, etc.	63,400	63,495	95
6 43	—Audit	7,93,000	7,99,674	6,674
7 50	—Geological Survey	2,16,500	2,16,872	372
8 51	—Botanical Survey	32,828	34,174	1,346
9 54	—Mines .	1,08,106	1,09,196	1,090
10 57	—Medical Services . .	2,10,052	2,10,803	813
11 58	—Public Health .	1,35,800	1,36,975	1,175
12 70	—Indian Stores Department	1,02,000	1,02,030	30
13 76	—Miscellaneous .	26,67,470	26,81,751	14,272
14 77	—Refunds	2,19,21,998	2,03,47,017	2,22,019
15 81	—Ajmer-Merwara .	1,36,370	1,37,034	664
16 85	—Hyderabad .	5,31,877	5,36,792	4,915
17 85 A	—Aden	3,38,057	3,39,118	1,061
18	Frontier Watch and Ward .	1,85,12,938	1,85,85,292	72,354
19	Territorial and Political Pensions	30,25,000	30,62,069	37,069
20	Western Indian States Agency	17,11,150	17,19,652	5,202
21 96	—Commutted Value of Pensions	25,41,600	27,61,067	2,22,467
22 91	—Capital Outlay on Indian Posts and Telegraphs Department (Not charged to Revenue)	2,000	13,304	11,304
23 2	—Revenue—Audit	3,28,000	3,33,906	5,906
24 3.	Revenue—Miscellaneous Expenditure .	12,51,000	12,78,456	27,456
25 6 A	—Revenue—Working Expenses— Maintenance of Structural Works .	32,00,000	32,47,139	47,139
26 6-D	—Revenue—Working Expenses— Maintenance of Ferry Steamers and Harbours . . .	21,000	27,208	3,208

STATEMENT D (paragraph 5.)

'Key' statement to the Government of India Appropriation Accounts (Civil) 1934-35 and the Audit Report 1936, Commercial Appendix, Home Auditor's Reports on the Accounts of the Secretary of State and the High Commissioner for India for 1934-35 and the latest Quarterly Statement (Part I) of outstanding recommendations of the Public Accounts Committee showing in conjunction particulars of Appropriation Accounts of grants and appropriations for which each of the several departments of the Government of India is responsible and all matters and comments of importance connected with these accounts.

R = Government of India Appropriation Accounts (Civil) and Audit Report

C. A = Commercial Appendix to the above

S S = Home Auditors' Report on the Accounts of the Secretary of State in Council of India (Section I—Civil portion)

H C = Home Auditor's Report on the Accounts of the High Commissioner for India (Section I—Civil portion)

Q S = Quarterly statement (Part I—Civil portion) of outstanding recommendations of the Public Accounts Committee (Quarter ending January 1936)

FINANCE DEPARTMENT

(1) General—

- (i) Changes in the form and structure of Accounts Paragraphs 2—4 R, paragraph 6 H C and paragraph 18 S S
- (ii) Important Accounts changes Paragraphs 5—23 R
- (iii) Financial results (Revenue Account, expenditure outside the revenue Account and debt position) Paragraphs 24—26 R
- (iv) Review of demands for grants, reductions made by the Legislature, Restoration by His Excellency the Governor General, Supplementary grants, general results of appropriation audit, savings and on excesses over voted grants and non-voted appropriations, accuracy of budgeting, control of expenditure etc Paragraphs 38—61 R
- (v) Standard adopted in explaining variations between modified grants and actuals Note 3 on page 45 R
- (vi) Public Accounts Committee's suggestion to include in future Appropriation Accounts the progressive accounts of expenditure from funds like those for the reconstruction of earthquake damage in Bihar, the Development of Civil Aviation, Broadcasting, etc Serial No 1 Q S and last sub-paragraph of paragraph 2 R
- (vii) Public Accounts Committee's suggestion that when the Finance Department go to the Assembly for a supplementary grant for a portion of the amount required for a scheme as a whole the particular sub-heads under which savings are available should be indicated in the supplementary demands Serial No 2 Q S
- (viii) Progressive Account of the Fund for dealing with earthquake damage (Bihar) Paragraph 65 item (3) R
- (ix) Fund for dealing with earthquake damage (Bihar)—Genesis of Paragraph 64 item (ii) R
- (x) Maximum rate of leave salary during special disability leave Paragraph 15 S S
- (xi) Compensatory allowance of officers on deputation in the United Kingdom Paragraph 16 S S
- (xii) Reserved rights in respect of reduction of rates of pay Paragraph 17 S S
- (2) Grant No 20—Stamps—
Appropriation Account Pages 75—76 R

Supplementary grant Excess over voted grant	Paragraph 42 item (1) R. Paragraph 48 item (2) R.
Commercial Accounts and review, etc., of the Security Printing, India, including Central Stamp Store, Nasik, Road	Paragraphs 28—51 C A
Comparative statement of profits and losses and turnover	Paragraphs 18 (1) and 19 C. A.
General review and important comments—Security Printing, India	Paragraph 22 (1) C A
Stores transactions	Paragraph 24 (1) C A
(3) <i>Grant No. 25—Interest Ordinary Debt, etc.—</i>	
Appropriation Account	Pages 81—86 R
Notes on Appropriation Account	Page 86 R
Reduction or avoidance of Debt	Paragraph 27 R
Supplementary grant	Paragraph 42 item (2) R
Excess over voted grant	Paragraph 48 item (3) R
Excess over non-voted appropriation	Paragraphs 49 item (1) and 51 R
Interest on liability assumed in respect of British Government War Loan	Paragraph 2 S S
Bank's charges for the management of "enfaced" rupee debt in Loudon	Paragraph 3 S S
Voted Excess in English portion of the Expenditure	Paragraph 18 S S
(4) <i>Grant No. 26—Interest on Miscellaneous Obligations—</i>	
Appropriation Account	Pages 87—89 R
Supplementary grant	Paragraph 42 item (3) R.
Saving on non-voted appropriation	Paragraph 47 R
Excess over voted grant	Paragraphs 48 item (4) and 51 R
(5) <i>Grant No. 27—Staff, Household and Allowances of the Governor General—</i>	
Appropriation Account	Pages 90—91 R
Notes on Appropriation Account	Page 91 R
(6) <i>Grant No. 36—Finance Department—</i>	
Appropriation Account	Pages 102—103 R
Excess over non-voted appropriation	Paragraph 49 R
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(10) <i>Grant No. 57—Medical Services—</i>		
Appropriation Account	Pages 153—155 R	
Notes on the Appropriation Account	Page 155 R	
Excess over non-voted appropriation	Paragraph 49 R	
Unnecessary Supplementary grant	Paragraph 58 R	
(11) <i>Grant No. 58—Public Health—</i>		
Appropriation Account	Pages 156—159 R	
Note on Appropriation Account	Page 159 R	
Financial results of the manufacture of vaccines, etc., at Kasauli, with the Director's comments and audit observations	Paragraph 84 and pages 1 and 161 R	
Stores Accounts	Paragraph 70 and pages 160—161 R	
Excess over voted grant	Paragraph 48 item (14) R	
Excess over non-voted appropriation	Paragraph 49 item (5) R	
(12) <i>Grant No. 59—Agriculture—</i>		
Appropriation Account	Pages 162—168 R	
Notes on Appropriation Accounts	Page 168 R	
Stores Accounts	Paragraph 70 and pages 169—170 R	
Important comment	Page 170 and paragraph 85 R	
Commercial Accounts and review, etc., of the Imperial Institute of Animal Husbandry and Dairying, Wellington	Paragraphs 150—163 C A	
Comparative statement of profits and losses and turnover	Paragraphs 18 (vii) and 20 C A	
Stores transactions	Paragraph 24 (vi) C A	
General review and important comments	Paragraph 22 (vii) C A	
Public Accounts Committee's recommendation concerning the instructions to the Director of the Agricultural Research Institute, for the maintenance of valued stores accounts		
(13) <i>Grant No. 61—Civil Veterinary Services—</i>		
Appropriation Account	Serial No. 9 Q S	
Note about Income and Expenditure account of the Dairy attached to the Institute	Pages 173—174 R	
Commercial Accounts and review, etc., of the Imperial Veterinary Serum Institute, Izatnagar	Page 174 R	
Comparative statement of profits and losses and turnover	Paragraphs 161—178 C A	
Stores transactions	Paragraphs 18 (viii) and 19 C A	
General review and important comments	Paragraphs 24 (viii) and 26 C A	
(14) <i>Grant No. 67—Emigration-External—</i>		
Appropriation Account	Paragraph 22 (viii) C A	
Note 1 on Appropriation Account	Page 187 R	
Note 2 about receipts realised	Page 187 R	
Excess over voted grant	Page 187 R	
(15) <i>Grant No. 59—Miscellaneous Departments (partly)—</i>		
Appropriation Account	Paragraph 48 item (17) R	
(16) <i>Grant No. 76—Miscellaneous B 2-Other Charges, C Donations for charitable purposes (partly) J-Kidderpore Orphanage Market—K 12-Deputation to Zanzibar —O Work,—</i>		
Appropriation Account	Page 189 R	
(17) <i>Grant No. 77—Refunds-H 4—Forsel, H 13—Education, H 14—Medical, H 15—Public Health, H 16—Agriculture, H 18—Miscellaneous Departments (partly)—</i>		
Appropriation Account	Pages 251—257 R	
(18) <i>Grant No. 80—Delhi—</i>		
Expenditure from Grant-in-aid	. . . Pages 262—265 R	
	Paragraph 68 R	

DEPARTMENT OF EDUCATION, HEALTH AND LANDS—*concl*

(19) <i>Grant No 82—Andaman and Nicobar Islands-Account II-Forests—</i>	
Appropriation Account	Pages 313—315 R
Commercial Accounts and review, etc., of the Forest Department, Andamans	Paragraphs 179—196 C A
Comparative statement of profits and losses and turnover	Paragraphs 18 (ix) and 19 C A
Stores transactions .	Paragraphs 24 (viii) and C A
General review and important comments	Paragraph 22 (ix) C A
(20) <i>Grant No 89—Forest Capital Outlay—</i>	
Appropriation Account	Page 390 R
(21) <i>Grant No 92-A—Capital Outlay on Schemes of Agricultural Improvement and Research—</i>	
Appropriation Account	Page 392 R
Supplementary grant	Paragraph 42 item (16) R
Saving on voted grant	Paragraph 44 R

COMMERCE DEPARTMENT

(1) <i>Grant No 38—Commerce Department—</i>	
Appropriation Account	Page 104 R
(2) <i>Grant No 46—Ports and Pilotage—</i>	
Appropriation Account	Pages 114 122 R
Commercial Accounts and review, etc., of the Bengal Pilot Service	Paragraphs 197—205 C A
Comparative statement of profits and losses and turnover	Paragraphs 18 (x) and 19 C A
Stores transactions	Paragraphs 24 (xi) and 26 C A
General review and important comments	Paragraph 22 (x) C A
(3) <i>Grant No 47—Lighthouses and Lightships—</i>	
Appropriation Account	Pages 123—128 R
Notes on Appropriation Account	Page 128 R
Excess over voted grant	Paragraph 48 item (11) R
Commercial Accounts and review, etc., of the Indian Lighthouse Department	Paragraphs 206—216 C A
Comparative statement of profits and losses and turnover	Paragraphs 18 (xi) and 19 C A
Stores transactions	Paragraphs 24 (x) and 26 C A
General review and important comments	Paragraph 22 (xi) C A
Excess in the English portion of expenditure	Paragraph 11 H C
(4) <i>Grant No 64—Commercial Intelligence and Statistics—</i>	
Appropriation Account	Pages 182—183 R
Notes on Appropriation Account	Page 183 R
(5) <i>Grant No 68 Joint Stock Companies—</i>	
Appropriation Account	Page 188 R
Note 1 about fees realised	Page 188 R
Note 2 on the appropriation account	Page 188 R
(6) <i>Grant No 69—Miscellaneous Departments E—Actuary to the Government of India, J—Registration of Accountants—</i>	
Appropriation Account	Pages 190 191 R
Income and Expenditure account of the scheme for the registration of accountants and audit comments on them	Pages 193—194 R

COMMERCE DEPARTMENT—*contd*

(7) Grant No 76—Miscellaneous Departments—*C*—
 Donations for charitable purposes (partly), *D—I*—
 Tariff Board, *M* Other Charges (partly)—
 Appropriation Account
 Pages 254 and 257 R

(8) Grant No 77—Refunds—*H—II*—Ports and Pilotage,
H—12—Lighthouses and Lightships—
 Appropriation Account
 Page 264 R

(9) Grant No 95—Capital Outlay on Lighthouses and Lightships not charged to Revenue—
 Appropriation Account
 Note on Appropriation Account
 Important comment
 Commercial Accounts and review, etc., of the Indian
 Lighthouse Department
 Comparative statement of profits and losses and
 turnover
 Paragraphs 206—216 C A
 Paragraphs 18 (*xii*) and 19 C.
 A
 Paragraphs 24 (*x*) and 26 C.
 A
 Paragraph 22 (*xii*) C A
 Paragraph 11 H C

LEGISLATIVE DEPARTMENT

(1) Grant No 29—Council of State—
 Appropriation Account
 Note on Appropriation Account
 Excess over voted grant
 Page 93 R
 Page 93 R
 Paragraph 18 item (6) R

(2) Grant No 34—Legislative Department—
 Appropriation Accounts
 Page 100 R

(3) Grant No 76—Miscellaneous—*K* Indian delegation to the
 League of Nations—
 Appropriation Account
 Page 256 R

LEGISLATIVE ASSEMBLY DEPARTMENT

(1) Grant No 30—Legislative Assembly and Legislative Assembly Department—
 Appropriation Account
 Note on Appropriation Account
 Excess over voted grant
 Unnecessary supplementary non-voted appropriation
 Page 94 R
 Page 94 R
 Paragraph 18 item (7) R
 Paragraph 59 R

(2) Grant No 76—Miscellaneous—*G*.—Grants in aid Voted
 (partly)—
 Appropriation Account
 Page 255 R

RAILWAY DEPARTMENT

(1) Grant No 94—Capital Outlay on Vizagapatam Harbour—
 Appropriation Account
 Notes on Appropriation Account
 Stores Account
 Statement of Expenditure on Important New Works
 Saving on voted grant
 Saving on non-voted appropriation
 Irregular reappropriation
 Commercial Accounts and review, etc., of the Vizagapatam Harbour
 Comparative statement of profits and losses and turnover
 Paragraphs 301—324 C A
 Paragraphs 18 (*xvi*) and 20 C A
 Paragraph 24 (*xiii*) C A
 Paragraph 22 (*xvii*) C A

DEFENCE DEPARTMENT.

(1) *Grant No 39—Army Department—* :
 Appropriation Account : : : : : : Page 105 R

(2) *Grant No 76—Miscellaneous—I—Indian Soldiers' Board—*
 Appropriation Account : : : : : : Pages 255—256 R.

FINANCIAL ADVISER, MILITARY FINANCE.

(1) *Grant No 36—Finance Department —B—Military Finance—*
 Appropriation Account : : : : : : Page 102 R

IMPERIAL COUNCIL OF AGRICULTURAL RESEARCH DEPARTMENT.

(1) *Grant No 60—Imperial Council of Agricultural Research Department—*
 Appropriation Account : : : : : : Page 171 R
 Supplementary Grant : : : : : : Paragraph 42 item (5) R.

(2) *Grant No 60-A—Scheme for the Improvement of Agricultural Marketing in India—*
 Appropriation Account : : : : : : Page 172 R.

STATEMENT E (Paragraph 6).

Statement showing the monthly balances of the various Provincial Governments

(In thousands of rupees Figures with a minus sign before them represent overdraft)

	Madras	Bombay	Bengal	United Provinces	Punjab	Burma	Bihar and Orissa	Central Provinces	North-West Frontier Provinces	Assam	Total
1934-35											
1. April	•	3,82,53	46,42	20,96	8,37	69,00	35,26	24,22	-1,76	36,27	3,17
2 May	•	3,98,33	78,21	22,81	5,35	19,00	39,40	-10,39	-3,84	27,06	4,73
3. June	•	3,80,29	95,47	38,95	1,11,75	35,00	22,55	-29,04	4,48	12,57	84
4 July		3,38,65	1,30,60	68	1,61,92	1,88,00	-13,41	-54,36	3,90	34,18	-3,93
5 August	•	2,79,95	1,10,59	-21,04	1,61,71	2,86,0	-45,22	-84,88	-5,93	27,28	-9,98
6 September		2,56,96	88,07	-3,04	1,29,06	2,49,00	-80,12	-80,34	-20,70	17,40	-15,86
7 October		1,68,51	46,27	-35,93	96,93	1,85,00	-1,16,95	-1,05,54	-42,66	34,39	-18,75
8 November		1,00,96	21,07	-38,47	45,82	1,33,00	-1,45,05	-1,12,32	-60,37	24,33	-21,29
9 December		57,59	41,97	-52,00	52,48	1,19,00	-1,66,49	-1,23,41	-74,92	14,58	-29,22
10 January		1,35,27	87,67	-3,12	1,44,72	1,91,00	-1,42,04	-90,16	-70,28	37,43	-34,50
11 February		2,72,49	1,60,75	-16,78	1,75,36	2,96,00	-1,00,95	-90,82	-86	29,09	-30,95
12 March		2,86,02	81,43	17,70	12,10	1,73,78	37,61	28,67	1	13,32	31
											6,50,95

APPENDIX IV

LETTER FROM THE AUDITOR GENERAL, TO THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA, NO T 145-REP /6/36, DATED THE 18TH MAY 1936.

SUBJECT *Appropriation Accounts (Posts and Telegraphs Department) 1934-35 and the Audit Report, 1936*

With reference to rule 15 (1) of the Auditor General's Rules framed under Section 96 D (1) of the Government of India Act, I have the honour to transmit herewith, for submission to the Committee on Public Accounts, and for necessary action by the Government of India, two copies of the Appropriation Accounts of the Posts and Telegraphs Department for the year 1934-35, and the Audit Report, 1936, issued by the Accountant General, Posts and Telegraphs

2 The Accounts and the Report have, as usual, been subjected to a detailed examination in my office. I have satisfied myself that the Accounts are in order and that the Report contains, substantially, all the information necessary for the purposes of the Public Accounts Committee

3 *Financial Position* Attention is invited to Chapter II of the Accountant General's Report in general and to paragraphs 10 13, 20 and 52 *ibid* in particular which contain a general review of the financial position of the Posts and Telegraphs Department. To this I have nothing of substance to add. I would merely observe that in considering the financial results of the working of the Department which are better than they have been for some years past the following important features of the accounts have to be kept carefully in mind

- (a) With a few exceptions e.g., the writing down of the value of surplus and obsolete stores, and the revision of the system of payment of pensions to the pensioners of the Posts and Telegraphs Department, the effect of which will be included in the accounts for 1935-36, the accounts for the year under report incorporate the results of the main recommendations of the Posts and Telegraphs Accounts Enquiry Committee which the Government of India have so far adopted, with the concurrence of the Auditor General, and which have been given effect either in the accounts of some previous year or during the year under report

- (b) While the accounts for 1935-36 and future years will include a charge of Rs 25 lakhs for renewals and replacements, the accounts for 1934-35 include only a specially reduced charge of Rs 9 37 lakhs against an actual withdrawal of about Rs 13 49 lakhs from the Depreciation Fund. When the special arrangement for 1934-35 were being discussed, it was thought sufficient to limit the contribution for depreciation to the extent of actual expenditure on renewals and replacements and proposals were made accordingly to the Secretary of State and accepted by him.

At that time the fact that there is generally a debit on account of abandoned assets also was overlooked and the contribution fixed for 1934-35 did not include provision for this. The result was that during the year withdrawals from exceeded contribution to the Depreciation Reserve, with a corresponding increase in the profits of the Department. Attention is also invited to the first part of paragraph 49 of the Report. It will be seen that although the revenue deficit originally anticipated was in the end converted into a considerable surplus the Government of India also decided not to make good to the Depreciation Fund this further short credit. But there is a large balance in the Reserve Fund and the short credits here mentioned are not of immediate practical importance.

(c) With reference to paragraph 54 of the Accountant General's Report, I observe that the accounts for the year 1934-35 include for the last time a charge for payment of pensions to the pensioners of the Posts and Telegraphs Department calculated on a liability basis (7 5 per cent of the total salary and leave allowances of pensionable establishment of the department excluding any allowances which do not count for pension). From 1935-36 the revenues of the Department will have to bear the actual cost of pensions paid to ex-employees of the Posts and Telegraphs Department, subject to certain general arrangements adopted for the sake of simplicity and applicable to pensions sanctioned before the new scheme was introduced. When this arrangement was finally approved it was thought that the results would be beneficial to the Posts and Telegraphs Department. But the figures for 1935-36 so far known show that there was a serious miscalculation of the effect on the finances of the Department as the actual charge will be much greater than the charge on a liability basis. However much the Departmental authorities may deplore this result, the fact is that the change has led to a readjustment which must be accepted as correct and proper since it would be unjustifiable for general revenues to continue to pay Posts and Telegraphs Department pensions on an inadequate contribution.

4 Budgeting and control The unsatisfactory results of previous years are well known and paragraphs 78-82 and 83-87 of the Accountant General's Report present a picture which shows that little, if any, improvement has been realised. Overbudgeting in Grant No. 91 which was last year described as chronic continued in the year now under report. Measures to improve budgeting and control introduced during the year were not expected to effect immediate improvement and have not done so. It must be acknowledged that after a system of centralised control decentralisation cannot be expected to produce miraculous results at once and doubtless much further effort is required. It will be interesting to know what impressions the responsible departmental authorities have now gained of the effectiveness of these measures and what further steps they consider necessary.

5 Mention of a serious mistake in budgeting under stores suspense is made in paragraph 79 of the Report and some particulars of the mistake appear on page 116. Detailed information as to how the mistake occurred in the budget and as to the causes of variation between the final appropriation and the actuals have not been given in the Report. The Director General, Posts and Telegraphs, will no doubt be able to give full information to the Public Accounts Committee on the subject.

6 Finally I invite attention to the topic discussed in paragraph 90 of the Report and to the account of the stores position given in paragraph 57 *et seq* of the Report.

APPENDIX V-A.

LETTER FROM THE AUDITOR GENERAL, TO THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA, NO T 225/REP /5/36, DATED THE 29TH MAY 1936

SUBJECT *Appropriation Accounts (Defence Services) 1934-35 and the Audit Report, 1936*

I have the honour to forward herewith for necessary action two copies of the Appropriation Accounts of the Defence Services for the year 1934-35 prepared by the Financial Adviser, Military Finance, together with two copies of the Audit Report, 1936, prepared by the Director of Audit, Defence Services

I also transmit herewith two copies of the accounts of receipts and disbursements of the Secretary of State and the High Commissioner for India on account of the Central Government in respect of Defence Services for the year 1934-35, together with two copies of the relevant Appropriation Accounts, and the Reports thereon prepared by the Auditor of Indian Home Accounts

It is understood that these documents will, as usual be subjected to a preliminary examination by the Military Accounts Committee before being presented to the Public Accounts Committee

2 Outstanding questions I presume that the Military Accounts Committee will, as usual, first go through the list of question, outstanding from previous discussions (Appropriation Accounts Appendix A)

3 Appropriation Audit (a) In the financial regulations for the Defence Department it is specifically laid down that large savings due to unexpected and material fall in prices of food or forage are to be regarded as reverting to the Government of India with whom it rests to decide whether the money by reappropriated to other Defence expenditure or not and that the special sanction of the Government of India in the Finance Department is required to such reappropriation. In the year under report a fall in the prices of food grains caused a saving of Rs 33 lakhs which was transferred to the Defence Reserve Fund this in a year when the Defence Reserve Fund opened with a balance of Rs $2\frac{1}{2}$ crores and the total budget allotment of the Defence Services was under-spent by Rs 85 lakhs (The saving of Rs 14 5 lakhs mentioned in paragraph 5 of the Financial Adviser's general review is as much an under spending as the other items selected by the Financial Adviser which aggregated Rs 70 lakhs) The Financial Adviser has not stated the ground on which the special sanction of the Government of India in the Finance Department was accorded on this occasion, and I presume the Public Accounts Committee will desire to have further information on this point

(b) The Financial Adviser reports that the Hon'ble Finance Member has given an assurance that if in future the prices of food grains rise above the level taken as the basis for the budget estimates he will be prepared to consider an additional grant This seems to be equitable as an arrangement comple-

mentary to that described in (a) preceding under which savings due to material fall in prices would ordinarily be surrendered to general revenues, but not otherwise

(c) Attention is invited to paragraphs 5 to 9 of the Financial Adviser's review On the basis of the figures there given, I doubt if it can be claimed that the estimation of expenditure in respect of the year under report was sufficiently accurate On the other hand I agree that the standard of current control of expenditure continued to be satisfactory as in the past

4. Review of Military Engineering Services expenditure I next invite attention to the Financial Adviser's careful and interesting review of Military Engineering Services expenditure given in paragraphs 130 to 158 of the Appropriation Accounts and to the new Appendices M and N which add further relevant information In view of the large variations mentioned by the Financial Adviser in paragraph 135 of his Review I cannot myself agree that the scope of the original demand was determined with reasonable exactitude and I gather from his remarks in paragraphs 137-38 that the Financial Adviser himself acknowledges that in the actual expenditure, apart from the bulk results, there was not sufficient conformity to the original programme as specified in the budget estimates

As regards correspondence between the estimated cost of individual works and actual expenditure, attention is invited to paragraphs 140 to 142 of the Financial Adviser's Review and paragraph 29 of the Audit Report

Paragraphs 143 and 144 of the Financial Adviser's Review draw attention to the disproportionately large volume of expenditure occurring in the month of March In this connection I think it will be relevant to consider whether the present practice admits not only of work being hurriedly carried out, but also of accounting and pre-check being hurriedly carried out, in order to enable disbursement to be made before the 31st of March There is of course a danger in either processs being unduly hastened I should also like to draw the attention of the Defence Department to the recommendations of the Public Accounts Committee contained in paragraphs 27 and 28 of the Report of the Central Public Accounts Committee on the accounts of 1930-31 Part 1 copy attached for facility of reference I think it may safely be said that the measures there suggested have improved the regulation of the Public Works expenditure of the Civil Administration, and I would in particular suggest that the Defence Department might consider whether the use of the Reserve should not be extended so as to provide definitely for a regrant of lapsed allotments in order that the temptation to accelerate unduly expenditure in March may be lessened.

The position of the Military Engineering stock on the 31st of March 1935 is given below paragraph 158 of the Financial Adviser's Review It appears that a considerable quantity of stores surplus to requirements was still in hand on that date

5. Stores transactions There are still certain questions outstanding connected with the statistical information given in Appendix E, namely,

(a) The question whether similar information should be given in respect of Royal Air Force Stores ,

(b) the question of the preparation and exhibition of a valued statement of surplus and obsolete stores written off

In the same connection I think the Military Accounts Committee will find it convenient to discuss the points arising out of the qualifications to the audit certificate of the Military Accountant General given in paragraph 25 of the Appropriation Accounts. Another topic on which I myself should like to be further informed is that of the differences in the system of stock verification as brought out in paragraph 34 of the Audit Report.

6 *Defence Reserve Fund Account for the year 1934-35* The Military Accounts Committee will presumably desire to have up-to-date information on the points mentioned in paragraphs 38 and 39 of the Audit Report.

7 *Financial Irregularities* It is satisfactory to find that the Director of Audit has fewer cases of financial irregularity to report this year, and that those which he has thought it necessary to mention are less serious in character than in any recent year. The more important cases appear to me to be those discussed in paragraphs 9, 13, 16, 17, 18, 21, 23 and 26 of the Audit Report.

8 *Conclusion* In conclusion I wish to observe that the presentation of the material for the Public Accounts Committee as now carried out in the Appropriation Accounts, the Financial Adviser's Review and his auxiliary statistical statements has, in my opinion, attained a high pitch of efficiency and usefulness. There is indeed little lacking to make the body of information available to the Public Accounts Committee entirely comprehensive.

Extract of paragraphs 27 and 28 of the Report of the Central Public Accounts Committee on the Accounts of 1930-31, Volume I, Part I

27 *Budgeting and control of works expenditure* We devoted considerable time and attention to the examination of the system of budgeting and control of works expenditure, both in the Public Works Department and the Posts and Telegraphs Department. We found a number of cases where there were large variations between the estimates and the actual expenditure. It was explained by the Chief Engineer that such cases related to works under the administrative control of the Foreign and Political Department and that the Department of Industries and Labour merely act in this matter as a compiling agency for the former Department for the purpose of making the necessary provision in the budget. It seems to us that some improvement in the existing system of budgetary control is necessary in order to ensure that no provision is included in the budget for any work in regard to which the preliminary arrangements are not so far advanced as to afford a reasonable prospect of the provision being fully utilized. One result of neglecting this essential condition is to place funds at the disposal of spending authorities which may be diverted to works outside the scope of the original demand, and increase the commitments of the following years.

28. We also discussed in this connection the question of the purposes to which the Reserve provision in the Civil Works budget should be confined.

This provision was actually used in the year 1930-31 for a number of works, some of which might have been foreseen and provided for in the estimates presented to the legislature and some of which did not seem to be of such particular urgency as to justify their being financed from the Reserve. We agree with the Auditor General that it should be a recognized principle that, so far as possible, allotments for original works should be made in the estimates presented to the legislature and consider that the Reserve should be confined to two purposes to meet throw-forwards from the previous year and to meet really unforeseen and emergent demands. We should like to add that in estimating the provision required for the first of the two purposes mentioned, namely, to meet throw-forwards from the previous year, due regard should be paid to the fact that at the present time when works expenditure is being drastically curtailed, the provision for throw-forwards need not be as large as usual.

APPENDIX V-B.

LETTER FROM THE AUDITOR GENERAL, TO THE FINANCE DEPARTMENT,
GOVERNMENT OF INDIA, NO R -425-REP /5/36, DATED THE 24TH JUNE 1936.

SUBJECT *Appropriation Accounts (Defence Services) 1934-35 and the Audit Report, 1936*

In continuation of my letter No T -225-Rep /5/36, dated the 29th May 1936, forwarding copies of the Accounts and Report mentioned above, I have the honour to forward herewith for necessary action two copies of the Commercial Appendix to the Appropriation Accounts of the Defence Services for the year 1934-35 and the Report of the Director of Audit, Defence Services, thereon

2 This year, for the first time the commercial accounts, the Financial Adviser's review, and the Audit Report of the Director of Audit, Defence Services, have been printed in one volume, an arrangement the adoption of which I foreshadowed in paragraph 3 of my letter forwarding the Commercial Appendix last year Another change effected in the form of the Commercial Appendix this year is the discontinuance of the printing of separate reviews which, in the past, used to be appended to each individual commercial account these reviews have now been replaced by the consolidated review of the Financial Adviser I consider this a great improvement as the material the Public Accounts Committee requires is arranged in a concentrated form and attention is focussed on essential points

There is nothing in the Financial Adviser's review or in the report of the Director of Audit, Defence Services, which I desire to qualify , and the results of the examination of these commercial accounts may be regarded as satisfactory

APPENDIX VI.

Memorandum on the Financial position of the Indian Posts and Telegraphs Department.

(Figures unless otherwise stated are in thousands of rupees)

The accounts for the year 1933-34 closed with a loss of 51,93 since expenditure charged to revenue amounted to 11,24,55. while the revenue was only 10,72,62 During the year, the 5 % emergency deduction from salaries was in force

Accounts of 1934-35

The following statement compares the actual results of 1934-35 with the anticipations for that year —

	Budget Estimates 1934-35	Revised Estimates 1934-35	Actuals 1934-35
Revenue	10,71,26	11,05,35	11,19,87
Expenditure	10,85,73	10,91,54	10,81,93
Profit (+) or Loss (-)	—14,47	+13,81	+37,94

The year 1934-35 witnessed a distinct turn in the fortunes of the Department. The trend of receipts towards the close of 1933-34 justified the hope that the trough of depression had been reached and passed. The budget for 1934-35 was framed on that basis. The unified stamps were abolished except in Burma and important changes in postal and telephone rates and telegraph tariff involving an estimated reduction of revenue of over 29 lakhs in the year were introduced. After allowing for these factors, the revenue estimate for 1934-35 was placed at 10,71,26 or 448 less than the revised estimate for 1933-34 and 136 less than the actuals for the same year. The continued improvement in trade conditions justified the revised estimates being raised to 11,05,35 or 34,09 more than the budget estimates. The actuals for the year exceeded the revised estimates and amounted to 11,19,87 or 14,52 more than the revised estimates and 48,61 more than the budget estimates. The trade conditions proved to be more favourable than anticipated at the time the revised estimate was fixed and the sale of stamps and the telephone receipts during the closing months of the year largely contributed to the increase over the revised estimates.

2 The actual expenditure during the year was 10,81,93 or 3,80 less than the budget estimate and 9,61 less than the revised estimate. The revised estimates involved a small supplementary grant but the actual expenditure fell below the original estimates. This has been due to certain unforeseeable events occurring in other Departments of Government, defects in the accounting machinery of the Department in regard to 'stores' and adjustments made by audit after the close of the year. This decrease in expenditure by Rs 42,62 as compared with the actuals of 1933-34 is mainly due to the contribution to the Depreciation Fund of the Department being restricted during the year.

to the actual expenditure on renewals and replacements In the ordinary course a contribution of Rs 37 lakhs should have been made to the Depreciation Fund, but actually a contribution of Rs 9,37 was made, the Department being relieved to the extent of 27,63 Even if the full contribution had been made, the expenditure would have shown a net decrease of Rs 14,99 lakhs, which amount was the net saving effected in expenditure after meeting increases in expenditure such as increments in pay and charges for interest The reduction in expenditure was due to the cumulative effect of the measures of economy and retrenchment adopted by the Department since 1931-32 Although the year closed with a profit of 37,94 this amount cannot be regarded as representing a real profit, as the salaries of the staff during the year continued to be subject to the temporary emergency deduction of 5% If allowance is made for this factor as well as for the reduced contribution to the Depreciation Fund, the year's working would have resulted in a loss of about 20 lakhs

Experience of 1935-36

3 The sanctioned budget for 1935-36 compares as follows with R E and the approximate actuals for the year

	B E 1935-36	R E 1935-36	Actuals up to March Final
Revenue	11,32,57	11,49,74	11,47,00
Expenditure	11,45,58	11,43,95	11,50,13
Profit (+) or Loss (-)	-13,01	+5,79	-313

The improvement in the revenue of the Department during 1934-35 constituted a definite promise for the future The estimates for 1935-36 therefore assumed that the improvement in trade and economic conditions would generally continue Revenue was therefore estimated at 11,32,57 allowing for an increase of 27,22 over the R E for 1934-35 and 12,70 over the actuals for that year

The expenditure for the year was estimated at 11,45,58 which was about 54 lakhs more than the R E 1934-35 and 63,65 more than the actuals for that year It was expected on the budget estimates that the year would close with a loss of 13 lakhs The main causes for the large increase in expenditure over the R E 1934-35 were

- (1) the restoration of the emergency deduction from pay costing over 27 lakhs ,
- (2) provision for normal increments to staff costing about 15 lakhs ,
- (3) pending further investigation an increase over last year's figure was effected in the contribution for depreciation of wasting assets, which in 1934-35 was limited to actual expenditure on renewals and replacements about 19 lakhs , and
- (4) minor increases on account of the extension of air mail services, rise in traffic and expansion of postal facilities in rural areas 3 lakhs

4 The actuals for the first eight months of 1935-36 however showed that the revival in trade was more marked during this period than was originally expected and indicated that a further rise in revenue could safely be anticipated. The revenue was therefore estimated at 11,49,74 in the R.E., being over 17 lakhs more than the original budget figure. The actuals up to March final only are available at present and assuming that the adjustments in March supplementary will equal the preceding year's adjustments, the anticipated actual revenue is likely to be 11,47,64 or 210 less than the R.E. Thus the revenue estimates are likely to be closely realised, the variation being 18%. The small fall is mainly due to the receipts from telegraph charges realised in cash and telephone call fees not coming up to expectations during the closing months of the year. It may be mentioned that this figure of revenue is inclusive of 15,35 on account of interest on the depreciation fund balance. Even allowing for this the revenue expected during 1935-36 will be 11,32,29 which is 280 higher than the highest revenue ever earned by the Department.

5 The expenditure on the other hand was fixed at 11,43,95 in the R.E. showing a decrease of 163 over the sanctioned budget. During the year the Department took over the actual payment of pensions for which hitherto a contribution equal to 7 5% of the pay charges of the pensionable staff of the Department was being paid to General Revenues which paid the pensions. On the basis of the information available at the time it was assumed that the provision on the actual basis would be to the benefit of the Department by about 5 lakhs. But in consequence of the policy of retrenchment followed by the Department an unusually large number of employees retired, as shown in the statement below, during the last four years.

Year	Number of staff retired	
	Gazetted officers	Other employees.
1927-28 to 1930-31	..	113 3,684
1931-32 to 1934-35	.	155 12,294
Increase		42 8,610
Percentage of increase		37% 234%

The pension bill of the Department has therefore increased heavily and it is estimated to amount to about 26 lakhs more than the budget estimate. The expenditure on leave allowances paid to retrenched personnel also increased. These increases have, however, been met from the following savings:

- (1) 4 lakhs on account of reduction in the interest charges of the Department due to the reduction in the rate of interest and the writing down of the accumulated loss of the Department by 42,67 on account of the writing off and writing down of the value of unserviceable and obsolete stores since commercialisation,
- (2) the claim of railways for increased haulage charges not having matured 7 lakhs,
- (3) the provision for depreciation in the absence of detailed calculations, having been overestimated by 1 lakh,

- (4) savings caused by the rebate on the cost of manufacture of stamps and postcards and the reduction in the manufacturing cost of postal stationery 1,87 , and
- (5) The balance of 12,13 was met out of savings resulting from the introduction of new rates of pay, conversion of posts and continued efforts at economy

6 It was anticipated in the revised budget that the loss of 13 lakhs provided for in the Budget Estimates would be converted into a profit of 579 The actuals up to March 1936 final only are available at present The expenditure so far booked amounts to 11,50,13 which is 455 more than the Budget Estimate This increase is due entirely to under-absorption of 'indirect charges' and 'freight charges' under 'Engineering Expenses' and less credits on account of share of revenue establishments debitable to capital then estimated Further adjustments of these charges are, however, likely which would involve a reduction of expenditure under working expenses by debit to capital Full details are not so far available but on the basis of information available at present it is likely that further adjustments on this account to the extent of 3 or 4 lakhs may be effected before the accounts of the year are closed Assuming further debits under expenditure in March Supplementary to equal the amount adjusted in the previous year, it is likely that the budget will be a balanced one or show a slight profit

Prospects in 1936-37

7 The estimates for 1936-37 have assumed that the improvement in trade and economic conditions will generally continue and the revenue has been placed at 11,74,15 or an increase of 24,41 over the R E for 1934-35 This increase has been assumed after allowing for some decrease in revenue due to the lowering of certain postal rates estimated to cost about 13,74 The expenditure for the year is estimated at 11,72,86 which is about 29 lakhs more than the R E of the previous year. This increase is mainly due to

- (a) increase in pay charges on account of annual increments 12,00 ,
- (b) increased provision of 295 for revision of establishments and development of postal facilities in rural areas ,
- (c) increase of 900 in the pensionary bill of the Department due to a large number of retrenched employees exchanging leave salary for pension during the year , and
- (d) increase of 254 due to the restoration of emergency deduction from salary

It may also be mentioned that with effect from the 1st April 1936 a Renewals and Reserve Fund has been substituted in place of the Depreciation Fund and the annual contributions to it has been fixed at Rs 25 lakhs for a period of five years, whereafter the position will be re-examined This has resulted in a saving of 267 in the contribution to the Fund as compared with the R E of 1935-36

The estimated revenue for 1936-37 is higher (by about 44,66) than the highest revenue earned during the past few years, viz , in 1929-30 But if allowance is made for the interest on depreciation fund balance (which is

credited to revenues since 1933-34), the revenue expected in 1936-37 will be more than the highest figure reached in 1929-30 by 28,79 The expenditure (even after the restoration of the salary cut) *viz*, 11,72,86 is, however, less than the highest expenditure which was in 1930-31 by 38,49 and the gain in the year's working is estimated at over one and a quarter lakhs

8 On the receipt side the possibility of securing more traffic by stopping the sources of leakages of revenue and by creating more traffic by publicity and offer of facilities is receiving constant attention The postage rates have been overhauled and new productive works calculated to bring in more revenue have been undertaken The effect of reductions in the postage and telegram and telephone rates is being carefully watched

9 The expenditure of the Department, it has to be remembered, depends mainly on the volume of traffic which it has to handle and no appreciable reduction in expenditure is possible without a reduction in the volume of traffic handled If the improvement in trade continues, expenditure is bound to rise to enable the Department to cope with the increase in traffic The expenditure of the Department is, therefore, speaking generally, compressible only to the extent to which traffic is reduced One other feature that has to be borne in mind is that no further economies on a large scale can be expected in the near future Small economies will accrue during the current and the next few years as a result of the acceptance of some of the recommendations of the Telegraph Establishment Enquiry Committee The Postal Enquiry Committee mainly dealt with the internal organisation of the Department and its recommendations were not expected to result in any substantial economies It was essentially an efficiency committee and not a retrenchment committee The special expenditure on retrenched personnel will no doubt be considerably reduced But it will assume a different shape and will be reflected in an increased pension bill Abnormal retirements during the retrenchment campaign will keep the pension bill high and stability will not be reached for some years The revised scales of pay introduced in the last year will appreciably reduce the pay bill of the Department, though its immediate effect will not be so marked On the whole, therefore, if the improvement in trade conditions, which commenced in 1933-34, continues, the Department should be able to make the small profit estimated

APPENDIX VII

Imperial Council of Agricultural Research Accounts and Audit of the Research Fund

The Imperial Council of Agricultural Research is registered as a society and under Rule 63 of the Rules and Regulations (as embodied in the Memorandum of Association) its accounts are audited by the Auditor-General in India. The rule reads as follows

"The Accounts of the Society shall be subject to the audit of the Auditor-General in India. The nature of audit to be applied and the detailed arrangements to be made in regard to the form of accounts and their maintenance and the presentation of the accounts for audit shall be prescribed by Bye-laws to be framed by the Governing Body and approved by the Governor-General in Council with the concurrence of the Auditor-General"

The principal Bye-laws relating to accounts are reproduced below. These have all been made with the previous approval of the Governor-General in Council and with the concurrence of the Auditor-General

Bye-law 22 The accounts of the Society will be maintained by the Secretary in the manner and in the forms prescribed in these bye-laws. He will be assisted by an accountant who will be a member of the Subordinate Accounts Service of the Indian Audit Department on the cadre of the Accountant-General, Central Revenues, provided that the Council may, with the previous concurrence of the Accountant-General, Central Revenues, appoint as its Accountant a person from the staff of the Accountant-General, Central Revenues, having a lesser professional qualification than that of a member of the Subordinate Accounts Service of the Indian Audit Department. The Accountant will be subordinate for the purposes of discipline, promotion, leave and transfer, etc., to the Accountant-General, Central Revenues, but administratively will be directly subordinate to the Secretary. The Accountant will advise the Secretary on all matters concerning audit and accounts and any Government rules which may be made applicable to the Society. He will be directly responsible to the Secretary for the accuracy and completeness of the accounts of the Society. His pay and allowances and leave and pension contributions will be debitible to the Society's grant for Research.

Bye-law 24 The functions of Audit Officer of the Society will be exercised by the Accountant-General, Central Revenues, under the general superintendence and control of the Auditor-General in India. It will be the duty of the Audit Officer to object to any expenditure from the Funds of the Society incurred in contravention of Article 4 of the Memorandum of Association, or of the Rules and Regulations, or of these Bye-laws.

Bye-law 25 Where expenditure from the Funds of the Society is in the nature of a grant-in-aid the audit of such expenditure shall be conducted according to the principles laid down in Chapter 11-A, of the Audit Code of the Auditor-General in India.

Bye-law 26 (without Appendix) The Accountant will apply a check, of the nature of pre-audit, to all payments from the funds of the Society, and will maintain registers in the following forms as set out in the Appendix

Form 12 Establishment Audit Register

Form 12-A — Audit Register of Gazetted Government Servants' Pay and Allowances

Form 13 Travelling Allowances Audit Register

Form 14 Contingent Audit Register

Form 15 Audit Register of Special Charges

Form 16 Objection Book relating to Irregular Payments

Form 16-A Objection Book relating to Technical Objections

Form 16-B Adjustment Register (of 16-A)

Form 16-C Abstract Register (of 16-A and 16-B)

Form 17 Audit Register of Financial Orders Delegations, etc

Form 18 — (Dcleted)

Bye-law 32 — If expenditure from the Funds of the Society consists of a grant to any authority or individual under the audit of any other audit officer of Government, the Accountant-General, Central Revenues will satisfy himself that the purpose of the grant is within the scope of Article 4 of the Memorandum of Association and will call for and accept a certificate of the audit of that other audit Officer of expenditure from the grant itself

Bye-law 33 — As soon as is practicable after his accounts for a year are closed, the Secretary will cause to be compiled the Annual Accounts of the preceding year of the funds of the Society referred to in Rule and Regulation 61 in the form prescribed in Bye-law 23 and will send an intimation to the Accountant-General, Central Revenues, as soon as the work is completed. The Accountant-General, Central Revenues, will thereupon depute an officer who will test-audit these accounts of the Society, and re-audit in detail the accounts of at least three months to be selected by the Accountant-General, Central Revenues. He will record his certificate of audit at the foot of the Annual Accounts and will forward these with his Report to the Accountant-General, Central Revenues. The cost of this test-audit will be a charge against the Research funds of the Society.

Bye-law 34 (1) The Accountant-General, Central Revenues, under Rule and Regulation 64 will then prepare for submission through the Auditor-General in India to the Governing Body of the Society and to the Government of India an Annual Report on the accounts of the Society which will contain such comments, general or special, as he may desire to make on the general financial position of the Society and on the results of his audit for the year. The audited accounts of the Society referred to in Bye-law 33 will form an enclosure to his Report.

(2) All arrangements for the audit of the Imperial Council of Agricultural Research accounts are approved by the Auditor-General,

The actual audit of expenditure at headquarters (*i e* on schemes directly administered by the Council, *e g*, Locust Research, Sugar Technology and Agricultural Statistics) is conducted by the Accountant-General, Central Revenues, as is the audit of the grants made to Central Institutes Grants made to Provincial Governments are all audited by the Provincial Accountant-General concerned as also are all grants made to Indian Universities Grants to outside institutions in British India are also audited by the appropriate Accountant-General The grants made to contributing Indian States are audited by their Accountants-General In every case, a certificate is furnished showing that the grants have been expended in accordance with the conditions attached to it and that the money has been properly appropriated to approved sub-heads

(3) The attached abstract statements shows the total amounts of the various schemes sanctioned from the inception of the Council upto March 1936 (and to which funds have been allotted) and the method of audit The figures given are for the total cost of these schemes over the whole period of sanction, usually five years , the actual expenditure incurred up-to-date is naturally much less The annual accounts of the Imperial Council of Agricultural Research are published in its Annual Report The Annual Report for the year 1935-36 is to be issued by the Government Press on the 6th of August

Statement showing allocation of grants sanctioned to the Central and Provincial Governments, Indian States, and Non-Government Institutions, upto 31st March 1936

APPENDIX VIII

OFFICE MEMORANDUM FROM THE GOVERNMENT OF INDIA, FINANCE DEPARTMENT, TO ALL DEPARTMENTS OF THE GOVERNMENT OF INDIA (INCLUDING THE FINANCIAL ADVISER, MILITARY FINANCE), THE FINANCIAL ADVISER, POSTS AND TELEGRAPHS, AND CENTRAL BOARD OF REVENUE, THE AUDITOR GENERAL, THE CONTROLLER OF THE CURRENCY, THE PRIVATE SECRETARY TO THE VICEROY AND MILITARY SECRETARY TO THE VICEROY AND THE MASTER, SECURITY PRINTING, INDIA, NO D-3516-B, DATED THE 9TH OCTOBER 1935

In view of criticisms in the Legislative Assembly in connection with supplementary grants during the last budget session and in the last Public Accounts Committee the Finance Department has recently been considering the question of strengthening the machinery of financial control. It has been decided to lay down the following general principles for the guidance of Departments. These principles are for the most part a reiteration of principles already laid down and the co-operation of all the Departments of the Government of India and of all disbursing officers is requested to ensure that they are strictly observed.

1 In framing the budget estimates the Departments should exercise the utmost foresight. All items of expenditure that can be foreseen should be provided for and care should be taken, in consultation with the audit officer where necessary, to see that the provision is included under the proper sub-heads. Needless to say, although Departments are asked to provide for all foreseeable items, the Finance Department will exercise its right to excise or reduce the provision for any item which it thinks unjustifiable. An exhortation to show foresight is not an invitation to include new items without due consideration. While provision should be made for all items that can be foreseen, it is essential that the amount of the provision should be restricted to the absolute minimum necessary. When providing for a new piece of expenditure administrative difficulties and delays should always be borne in mind and not more should be provided than is likely to be spent during the course of the year.

2 Detailed rules have been laid down in the Finance Department Resolution No F-13-Ex/25, dated the 2nd August 1926 and in Memorandum No D 2839-B, dated the 8th July 1933, prescribing the procedure to be followed by Departments of the Government of India and other controlling and disbursing officers which enable them to watch the progress of expenditure against appropriation. If these rules are followed, the controlling officers should be in a position from month to month to estimate the likelihood of savings and excesses.

3 A Department or disbursing officer may find in the course of the year that the expenditure under some sub-head is likely to be less than the provision in the budget. The saving may be due to one or more of the following causes:

- (a) actual postponement of expenditure,
- (b) real savings due to economy, and
- (c) normal savings due either (i) to original over-estimating, or (ii) to usual administrative causes, e.g., casualties, etc

Savings due to cause (a) should in no circumstances be used for reappropriation to meet new items of expenditure without the sanction of the Finance Department. Unless savings due to cause (b) have been made deliberately to provide for an unforeseen emergency, they should not ordinarily be utilized in the course of the year for new items of expenditure as it is desirable that all such new items should be considered together at the time of the preparation of the budget. This aspect of the question is dealt with in greater detail in paragraphs 6 and 7 below.

All savings should be surrendered to the Finance Department immediately they are foreseen without waiting till the end of the year unless they are required to meet excesses of the kind referred to in the next paragraph which are definitely foreseen at the time. No savings should be held in reserve for possible future excesses.

4 On the other hand it may be found that an excess is likely owing to either (a) an unforeseen emergency or (b) under-estimating or insufficient allowance for factors leading to the growth of expenditure. In the case of an excess of either type an examination of the whole grant should be made to see whether there are likely to be savings under any of the other sub-heads due to cause (c) described in paragraph 3 above which can be utilized to meet it. If such savings are not available, it should be seen whether special economies can be effected under other sub-heads. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for a supplementary grant should be made. In either case, application will have to be made to the Finance Department and the course recommended by the Department stated. Normally an application for a supplementary grant will not be entertained by the Finance Department unless the anticipated excess is due to a cause beyond the control of the authority and funds cannot be found by any legitimate postponement of expenditure for which provision already exists. All applications for supplementary grants should be accompanied by a full explanation of the reasons for the excess and of the impossibility of providing funds to meet it.

Under paragraph 10 of the Finance Department Resolution No D 1089-A, dated the 1st June 1926, the Administrative Departments have to intimate their requirements regarding supplementary grants to the Finance Department before the middle of January. Experience has shown that this date is too late. The Finance Department therefore request that the Departments should, as far as possible, send their demands for supplementary grants by the middle of December at the latest. And Departments are further requested not to hold up their applications till that date, but to forward each application to the Finance Department as soon as they become convinced that a supplementary grant will be necessary.

5 On receipt of an application for a supplementary grant, the Finance Department will review the position of the grant as a whole with reference to the known actuals of the year to date and the actuals and estimates for previous years. If after this examination the Finance Department comes to the conclusion that it should be possible for the Administrative Department to meet the expenditure within the sanctioned grant, either from normal savings or by

special economies or in the last resort by judicious postponements of other expenditure, the Administrative Department will be so informed and no supplementary demand will be presented to the Assembly. If, on the other hand, the Finance Department considers that a supplementary grant will be necessary, a demand will be placed before the Assembly as soon as possible without waiting till the end of the year.

6 The supplementary grants referred to in the last two paragraphs are such as are required by extra expenditure on the normal activities of the Department. Expenditure on a "new service", in the technical sense, and on new items, such as, new buildings, new roads, etc. for which no provision exists in the budget, should only be incurred in the middle of a year in exceptional cases. There is a fundamental objection on general principle to admitting such demands in the middle of a year, for these, being made during the course of the year and not at the time of the preparation of the budget, have necessarily to be dealt with singly and not in relation to other demands from other claimants. It is only when the whole of the demands are viewed together that it is possible to form an adequate idea of their relative urgency and to effect a fair distribution of the funds available. If such a procedure is not followed, a single item may be accepted which, if it had been considered together with the whole body of demands would have been rejected because it would have been clear that its inclusion involved the exclusion of other more desirable items.

7 It is, however, possible that there may be occasions on which it is necessary to provide funds for 'new services' or new items even in the middle of the year. In sending proposals in such cases to the Finance Department the Administrative Department should explain clearly why they were not provided for in the original budget and why they cannot be postponed for consideration in connection with the next budget. The Finance Department, if satisfied on these points, will consider whether it would not be reasonable to ask the department concerned to curtail its other expenditure so as to keep the total within the grant. Ordinarily no new service or item will be accepted by the Finance Department unless the department concerned can guarantee that the extra expenditure will be met from normal savings or by special economies within the grant. Cases which involve a supplementary grant will normally be accepted by the Finance Department only if they relate to matters of real imperative necessity, or to the earning or safeguarding of revenue. In such cases the demand for a supplementary grant, or for a token grant in respect of a "new service" if the expenditure can be met by reappropriation, will be presented to the Assembly as soon as practicable after the need arises.

No D-3516-B

Copy forwarded to the Financial Commissioner, Railways